

Provided further, That any person whose employment is so suspended or terminated under the authority of this Act may, in the discretion of the agency head concerned, be reinstated or restored to duty, and if so reinstated or restored shall be allowed compensation for all or any part of the period of such suspension or termination in an amount not to exceed the difference between the amount such person would normally have earned during the period of such suspension or termination, at the rate he was receiving on the date of suspension or termination, as appropriate, and the interim net earnings of such person: *Provided further*, That the termination of employment herein provided shall not affect the right of such officer or employee to seek or accept employment in any other department or agency of the Government: *Provided further*, That the head of any department or agency considering the appointment of any person whose employment has been terminated under the provisions of this Act may make such appointment only after consultation with the Civil Service Commission, which agency shall have the authority at the written request of either the head of such agency or such employee to determine whether any such person is eligible for employment by any other agency or department of the Government.

Reinstatement.

Right of employment in other agency.

SEC. 2. Nothing herein contained shall impair the powers vested in the Atomic Energy Commission by the Atomic Energy Act of 1946 or the requirements of section 12 of that Act that adequate provision be made for administrative review of any determination to dismiss any employee of said Commission.

60 Stat. 755, 770.
42 U. S. C. §§ 1801-1819, 1812; Sup. III, § 1802.
Post, p. 979.

SEC. 3. The provisions of this Act shall apply to such other departments and agencies of the Government as the President may, from time to time, deem necessary in the best interests of national security. If any departments or agencies are included by the President, he shall so report to the Committees on the Armed Services of the Congress.

Applicability to other agencies.

SEC. 4. Section 3 of the Act of December 17, 1942 (56 Stat. 1053), and section 104 of the Act of July 20, 1949 (Public Law 179, Eighty-first Congress), and section 630 of the Act of October 29, 1949 (Public Law 434, Eighty-first Congress), are hereby repealed.

Repeals.
5 U. S. C. § 652 note.

63 Stat. 456, 1023.

Approved August 26, 1950.

[CHAPTER 809]

AN ACT

To extend and improve the Federal Old-Age and Survivors Insurance System, to amend the public assistance and child welfare provisions of the Social Security Act, and for other purposes.

August 28, 1950
[H. R. 6000]
[Public Law 734]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act, with the following table of contents, may be cited as the "Social Security Act Amendments of 1950".

Social Security Act Amendments of 1950.

TABLE OF CONTENTS

Section of this Act	Section of amended Social Security Act	Heading	
Title I	-----	AMENDMENTS TO TITLE II OF THE SOCIAL SECURITY ACT.	<i>Post</i> , p. 482.
101 (a)	202	OLD-AGE AND SURVIVORS INSURANCE BENEFIT PAYMENTS.	<i>Post</i> , p. 482.
	202 (a)	Old-Age Insurance Benefits.	
	202 (b)	Wife's Insurance Benefits.	
	202 (c)	Husband's Insurance Benefits.	
	202 (d)	Child's Insurance Benefits.	

TABLE OF CONTENTS—Continued

Section of this Act	Section of amended Social Security Act	Heading
101 (a)—Con.		OLD-AGE AND SURVIVORS INSURANCE BENEFIT PAYMENTS—Continued
	202 (e)-----	Widow's Insurance Benefits.
	202 (f)-----	Widower's Insurance Benefits.
	202 (g)-----	Mother's Insurance Benefits.
	202 (h)-----	Parent's Insurance Benefits.
	202 (i)-----	Lump-Sum Death Payments.
	202 (j)-----	Application for Monthly Insurance Benefits.
	202 (k)-----	Simultaneous Entitlement to Benefits.
	202 (l)-----	Entitlement to Survivor Benefits Under Railroad Retirement Act.
101 (b)-----		Effective Date of Amendment Made by Subsection (a).
101 (c)-----		Protection of Individuals Now Receiving Benefits.
101 (d)-----		Lump-Sum Death Payments in Case of Death Prior to September 1950.
<i>Post, p. 489.</i>	102 (a)-----	MAXIMUM BENEFITS.
	203-----	REDUCTION OF INSURANCE BENEFITS.
	203 (a)-----	Maximum Benefits.
102 (b)-----		Effective Date of Amendment Made By Subsection (a).
<i>Post, p. 489.</i>	103 (a)-----	DEDUCTIONS FROM BENEFITS.
	203 (b)-----	Deductions on Account of Work or Failure to Have Child in Care.
	203 (c)-----	Deductions from Dependents' Benefits Because of Work by Old-Age Insurance Beneficiary.
	203 (d)-----	Occurrence of More Than One Event.
	203 (e)-----	Months to Which Net Earnings From Self-Employment Are Charged.
	203 (f)-----	Penalty for Failure to Report Certain Events.
	203 (g)-----	Report to Administrator of Net Earnings From Self-Employment.
	203 (h)-----	Circumstances Under Which Deductions Not Required.
	203 (i)-----	Deductions With Respect to Certain Lump-Sum Payments.
	203 (j)-----	Attainment of Age Seventy-five.
103 (b)-----		Effective Date of Amendment Made by Subsection (a).
<i>Post, p. 492.</i>	104 (a)-----	DEFINITIONS.
<i>Post, p. 494</i>	209-----	DEFINITION OF WAGES.
	210-----	DEFINITION OF EMPLOYMENT.
	210 (a)-----	Employment.
	210 (b)-----	Included and Excluded Service.
	210 (c)-----	American Vessel.
	210 (d)-----	American Aircraft.
	210 (e)-----	American Employer.
	210 (f)-----	Agricultural Labor.
	210 (g)-----	Farm.
	210 (h)-----	State.
	210 (i)-----	United States.
	210 (j)-----	Citizen of Puerto Rico.
	210 (k)-----	Employee.
	210 (l)-----	Covered Transportation Service.
<i>Post, p. 502.</i>	211-----	SELF-EMPLOYMENT.
	211 (a)-----	Net Earnings from Self-Employment.
	211 (b)-----	Self-Employment Income.
	211 (c)-----	Trade or Business.
	211 (d)-----	Partnership and Partner.
	211 (e)-----	Taxable Year.
<i>Post, p. 504.</i>	212-----	CREDITING OF SELF-EMPLOYMENT INCOME TO CALENDAR QUARTERS.

TABLE OF CONTENTS—Continued

Section of this Act	Section of amended Social Security Act	Heading	
104 (a)—Con.	213-----	QUARTER AND QUARTER OF COVER-AGE.	<i>Post</i> , p. 504.
	213 (a)-----	Definitions.	
	213 (b)-----	Crediting of Wages Paid in 1937.	
	214-----	INSURED STATUS FOR PURPOSES OF OLD-AGE AND SURVIVORS INSURANCE BENEFITS.	<i>Post</i> , p. 505.
	214 (a)-----	Fully Insured Individual.	
	214 (b)-----	Currently Insured Individual.	
	215-----	COMPUTATION OF PRIMARY INSURANCE AMOUNT.	<i>Post</i> , p. 506.
	215 (a)-----	Primary Insurance Amount.	
	215 (b)-----	Average Monthly Wage.	
	215 (c)-----	Determinations Made by Use of the Conversion Table.	
	215 (d)-----	Primary Insurance Benefit for Purposes of Conversion Table.	
	215 (e)-----	Certain Wages and Self-Employment Income Not To Be Counted.	
	215 (f)-----	Recomputation of Benefits.	
	215 (g)-----	Rounding of Benefits.	
	216-----	OTHER DEFINITIONS.	<i>Post</i> , p. 510.
	216 (a)-----	Retirement Age.	
	216 (b)-----	Wife.	
	216 (c)-----	Widow.	
	216 (d)-----	Former Wife Divorced.	
	216 (e)-----	Child.	
	216 (f)-----	Husband.	
	216 (g)-----	Widower.	
	216 (h)-----	Determination of Family Status.	
104 (b) -----		Effective Date of Amendment Made by Subsection (a).	
105-----	217-----	BENEFITS IN CASE OF WORLD WAR II VETERANS.	<i>Post</i> , p. 512.
	217 (a)-----	Wage Credits for World War II Service.	
	217 (b)-----	Insured Status of Veteran Dying Within 3 Years After Discharge.	
	217 (c)-----	Time for Parent of Veteran to File Proof of Support.	
	217 (d)-----	Definitions of World War II and World War II Veteran.	
106-----	218-----	VOLUNTARY AGREEMENTS FOR COVERAGE OF STATE AND LOCAL EMPLOYEES.	<i>Post</i> , p. 514.
	218 (a)-----	Purpose of Agreement.	
	218 (b)-----	Definitions.	
	218 (c)-----	Services Covered.	
	218 (d)-----	Exclusion of Positions Covered by Retirement Systems.	
	218 (e)-----	Payments and Reports by States.	
	218 (f)-----	Effective Date of Agreement.	
	218 (g)-----	Termination of Agreement.	
	218 (h)-----	Deposits in Trust Fund; Adjustments.	
	218 (i)-----	Regulations.	
	218 (j)-----	Failure To Make Payments.	
	218 (k)-----	Instrumentalities of Two or More States.	
	218 (l)-----	Delegation of Functions.	
107-----	219-----	EFFECTIVE DATE IN CASE OF PUERTO RICO.	<i>Post</i> , p. 517.
108-----	205-----	RECORDS OF WAGES AND SELF-EMPLOYMENT INCOME.	<i>Post</i> , p. 518.
108 (a)-----	205 (b)-----	Addition of Interested Parties.	
108 (b)-----	205 (c)-----	Wages and Self-Employment Income Records.	
108 (c)-----	205 (o)-----	Crediting of Compensation Under the Railroad Retirement Act.	
108 (d)-----	205 (p)-----	Special Rules in Case of Federal Service.	
		Effective Date of Amendments.	

TABLE OF CONTENTS—Continued

	Section of this Act	Section of amended Social Security Act	Heading
<i>Post</i> , p. 521.	109	-----	MISCELLANEOUS AMENDMENTS.
	109 (a)	201	Amendments Relating To Trust Fund.
	109 (b)	204-206	Substitution of Federal Security Administrator for Social Security Board.
	109 (c)	208	Change in Reference From Federal Insurance Contributions Act to Internal Revenue Code.
<i>Post</i> , p. 523.	110	-----	SERVICES FOR COOPERATIVES PRIOR TO 1951.
		Section of amended Internal Revenue Code	
<i>Post</i> , p. 524.	Title II	-----	AMENDMENTS TO INTERNAL REV- ENUE CODE.
	201	-----	RATE OF TAX ON WAGES.
	201 (a)	1400	Tax on Employee.
	201 (b)	1410	Tax on Employer.
	202	-----	FEDERAL SERVICE.
	202 (a)	1412	Instrumentalities of the United States.
	202 (b)	1420 (e)	Special Rules in Case of Federal Service.
	202 (c)	1411	Adjustment of Tax.
	202 (d)	-----	Effective Date.
<i>Post</i> , p. 525.	203 (a)	1426 (a)	DEFINITION OF WAGES.
	203 (b)	1401 (d) (2)	Refunds With Respect to Wages Received During 1947, 1948, 1949, and 1950.
	203 (c)	1401 (d)	Refunds With Respect to Wages Received After 1950.
	203 (d)	-----	Effective Date of Subsection (a).
<i>Post</i> , p. 528.	204	-----	DEFINITION OF EMPLOYMENT.
	204 (a)	1426 (b)	Employment.
	204 (b)	1426 (e)	State, etc.
	204 (c)	1426 (g)	American Vessel and Aircraft.
	204 (d)	1426 (h)	Agricultural Labor.
	204 (e)	1426 (i)	American Employer.
		1426 (j)	Computation of Wages in Certain Cases.
		1426 (k)	Covered Transportation Service.
		1426 (l)	Exemption of Religious, Charitable, Etc., Organizations.
	204 (f)	1426 (c)	Technical Amendment.
	204 (g)	-----	Effective Date.
<i>Post</i> , p. 536.	205 (a)	1426 (d)	DEFINITION OF EMPLOYEE.
	205 (b)	-----	Effective Date.
<i>Post</i> , p. 537.	206	-----	RECEIPTS FOR EMPLOYEES; SPECIAL REFUNDS.
	206 (a)	1633	RECEIPTS FOR EMPLOYEES.
		1633 (a)	Requirement.
		1633 (b)	Statements to Constitute Information Re- turns.
		1633 (c)	Extension of Time.
		1634	PENALTIES.
		1634 (a)	Penalties for Fraudulent Statement or Fail- ure to Furnish Statement.
		1634 (b)	Additional Penalty.
	206 (b) (1)	322 (a) (4)	Credit for "Special Refunds" of Employee Social Security Tax.
	206 (b) (2)	1403 (a)	Receipts for Employees Prior to 1951.
	206 (b) (3)	1625 (d)	Application of Section.
	206 (c)	-----	Effective Dates of Amendments.
<i>Post</i> , p. 538.	207	-----	PERIODS OF LIMITATION ON ASSESS- MENT AND REFUND OF CERTAIN EMPLOYMENT TAXES.
	207 (a)	1635	PERIOD OF LIMITATION UPON ASSESS- MENT AND COLLECTION OF CER- TAIN EMPLOYMENT TAXES.
		1635 (a)	General Rule.
		1635 (b)	False Return or No Return.
		1635 (c)	Willful Attempt to Evade Tax.

TABLE OF CONTENTS—Continued

Section of this Act	Section of amended Internal Revenue Code	Heading	
207 (a)—Con.		PERIOD OF LIMITATION, ETC.—Con.	
	1635 (d)-----	Collection After Assessment.	
	1635 (e)-----	Date of Filing of Return.	
	1635 (f)-----	Application of Section.	
	1635 (g)-----	Effective Date.	
	1636-----	PERIOD OF LIMITATION UPON RE- FUNDS AND CREDITS OF CERTAIN EMPLOYMENT TAXES.	<i>Post, p. 539.</i>
	1636 (a)-----	General Rule.	
	1636 (b)-----	Penalties, Etc.	
	1636 (c)-----	Date of Filing Return and Date of Pay- ment of Tax.	
	1636 (d)-----	Application of Section.	
	1636 (e)-----	Effective Date.	
207 (b)-----		Technical Amendments.	
208-----		SELF-EMPLOYMENT INCOME.	<i>Post, p. 540.</i>
208 (a)-----	480-----	RATE OF TAX.	
	481-----	DEFINITIONS.	
	481 (a)-----	Net Earnings From Self-Employment.	
	481 (b)-----	Self-Employment Income.	
	481 (c)-----	Trade or Business.	
	481 (d)-----	Employee and Wages.	
	482-----	MISCELLANEOUS PROVISIONS.	
208 (b)-----	3810-----	EFFECTIVE DATE IN THE CASE OF PUERTO RICO.	
	3811-----	COLLECTION OF TAXES IN VIRGIN ISLANDS AND PUERTO RICO.	
	3812-----	MITIGATION OF EFFECT OF STATUTE OF LIMITATIONS AND OTHER PROVI- SIONS IN CASE OF RELATED TAXES UNDER DIFFERENT CHAPTERS.	
	3812 (a)-----	Self-Employment Tax and Tax on Wages.	
	3812 (b)-----	Definitions.	
208 (c)-----	3801 (g)-----	Taxes Imposed by Chapter 9.	
208 (d)-----		Technical Amendments.	
209-----		MISCELLANEOUS AMENDMENTS.	<i>Post, p. 545.</i>
209 (a)-----	1607 (b)-----	Definition of "Wages" for Federal Unem- ployment Tax Act.	
209 (b)-----	1607 (c)-----	Definition of "Employment" for Federal Unemployment Tax Act.	
209 (c)-----	1621 (a)-----	Definition of "Wages" for collection of Income Tax at source on wages.	
209 (d) (1)---	1631-----	FAILURE OF EMPLOYER TO FILE RE- TURN.	
209 (d) (2)---		Effective Date.	
209 (e)-----		Change in Domicile of Employer Corpora- tion.	
	Section of amended Social Security Act		
Title III-----	Titles I, IV, V, X, and XIV.	AMENDMENTS TO PUBLIC ASSIST- ANCE AND MATERNAL AND CHILD WELFARE PROVISIONS OF THE SO- CIAL SECURITY ACT.	<i>Post, p. 548.</i>
Part 1-----	Title I-----	OLD-AGE ASSISTANCE.	
301-----	2 (a)-----	REQUIREMENTS OF OLD-AGE ASSIST- ANCE PLANS.	<i>Post, p. 548.</i>
302-----	3 (a)-----	COMPUTATION OF FEDERAL PORTION OF OLD-AGE ASSISTANCE.	
303-----	6-----	DEFINITION OF OLD-AGE ASSISTANCE.	<i>Post, p. 549.</i>
Part 2-----	Title IV-----	AID TO DEPENDENT CHILDREN.	<i>Post, p. 549.</i>
321-----	402 (a)-----	REQUIREMENTS OF STATE PLANS FOR AID TO DEPENDENT CHILDREN.	
322-----	403 (a)-----	COMPUTATION OF FEDERAL PORTION OF AID TO DEPENDENT CHILDREN.	<i>Post, p. 550.</i>

TABLE OF CONTENTS—Continued

	Section of this Act	Section of amended Social Security Act	Heading
<i>Post</i> , p. 551.	323 -----	406 (b), (c) -----	DEFINITION OF AID TO DEPENDENT CHILDREN.
<i>Post</i> , p. 551.	Part 3 -----	Title V -----	MATERNAL AND CHILD WELFARE.
<i>Post</i> , p. 553.	Part 4 -----	Title X -----	AID TO THE BLIND.
	341 -----	1002 (a) -----	REQUIREMENTS OF STATE PLANS FOR AID TO THE BLIND.
	342 -----	1003 (a) -----	COMPUTATION OF FEDERAL PORTION OF AID TO THE BLIND.
<i>Post</i> , p. 554.	343 -----	1006 -----	DEFINITION OF AID TO THE BLIND.
	344 -----		APPROVAL OF CERTAIN STATE PLANS.
<i>Post</i> , p. 555.	Part 5 -----	Title XIV -----	AID TO THE PERMANENTLY AND TOTALLY DISABLED.
<i>Post</i> , p. 558.	Part 6 -----	Titles, I, IV, V, and X -----	SUBSTITUTION OF "ADMINISTRATOR" FOR "SOCIAL SECURITY BOARD" AND "CHILDREN'S BUREAU."
<i>Post</i> , p. 558.	Title IV -----		MISCELLANEOUS PROVISIONS.
	401 -----	701 -----	OFFICE OF COMMISSIONER FOR SOCIAL SECURITY.
	402 -----	704 -----	REPORTS TO CONGRESS.
<i>Post</i> , p. 559.	403 -----		AMENDMENTS TO TITLE XI OF THE SOCIAL SECURITY ACT.
	403 (a) -----	1101 (a) -----	Definition of "State" and "Administrator".
	403 (b) -----	1101 (a) -----	Definition of "physician", "medical care", and "hospitalization".
	403 (c) -----	1102 -----	Substitution of Federal Security Administrator for Social Security Board.
	403 (d) -----	1106 -----	Disclosure of Information in Possession of Agency.
	403 (e) -----	1107 (a) -----	Change in Reference to Federal Insurance Contributions Act.
	403 (f) -----	1107 (b) -----	Substitution of Federal Security Administrator for Social Security Board.
	403 (g) -----	1108 -----	Limitation on Payments to Puerto Rico and Virgin Islands.
<i>Post</i> , p. 560.	404 -----	1201 (a) -----	ADVANCES TO STATE UNEMPLOYMENT FUNDS.
	405 -----		PROVISIONS OF STATE UNEMPLOYMENT COMPENSATION LAWS.
<i>Post</i> , p. 561.	406 -----		SUSPENDING APPLICATION OF CERTAIN PROVISIONS OF CRIMINAL CODE TO CERTAIN PERSONS.
	407 -----		REORGANIZATION PLAN NO. 26 OF 1950.

TITLE I—AMENDMENTS TO TITLE II OF THE SOCIAL SECURITY ACT

OLD-AGE AND SURVIVORS INSURANCE BENEFITS

SEC. 101. (a) Section 202 of the Social Security Act is amended to read as follows:

"OLD-AGE AND SURVIVORS INSURANCE BENEFIT PAYMENTS

"Old-Age Insurance Benefits

"SEC. 202. (a) Every individual who—

"(1) is a fully insured individual (as defined in section 214

(a)),

"(2) has attained retirement age (as defined in section 216

(a)), and

"(3) has filed application for old-age insurance benefits, shall be entitled to an old-age insurance benefit for each month, beginning with the first month after August 1950 in which such individual becomes so entitled to such insurance benefits and ending with the

49 Stat. 623.
42 U. S. C. § 402.

Post, p. 565.

Post, p. 530.

month preceding the month in which he dies. Such individual's old-age insurance benefit for any month shall be equal to his primary insurance amount (as defined in section 215 (a)) for such month.

Post, p. 506.

"Wife's Insurance Benefits

"(b) (1) The wife (as defined in section 216 (b)) of an individual entitled to old-age insurance benefits, if such wife—

Post, p. 510.

"(A) has filed application for wife's insurance benefits,

"(B) has attained retirement age or has in her care (individually or jointly with her husband) at the time of filing such application a child entitled to a child's insurance benefit on the basis of the wages and self-employment income of her husband,

"(C) was living with such individual at the time such application was filed, and

"(D) is not entitled to old-age insurance benefits, or is entitled to old-age insurance benefits each of which is less than one-half of an old-age insurance benefit of her husband,

shall be entitled to a wife's insurance benefit for each month, beginning with the first month after August 1950 in which she becomes so entitled to such insurance benefits and ending with the month preceding the first month in which any of the following occurs: she dies, her husband dies, they are divorced a vinculo matrimonii, no child of her husband is entitled to a child's insurance benefit and she has not attained retirement age, or she becomes entitled to an old-age insurance benefit equal to or exceeding one-half of an old-age insurance benefit of her husband.

"(2) Such wife's insurance benefit for each month shall be equal to one-half of the old-age insurance benefit of her husband for such month.

"Husband's Insurance Benefits

"(c) (1) The husband (as defined in section 216 (f)) of a currently insured individual (as defined in section 214 (b)) entitled to old-age insurance benefits, if such husband—

Post, p. 511.

Post, p. 505.

"(A) has filed application for husband's insurance benefits,

"(B) has attained retirement age,

"(C) was living with such individual at the time such application was filed,

"(D) was receiving at least one-half of his support, as determined in accordance with regulations prescribed by the Administrator, from such individual at the time she became entitled to old-age insurance benefits and filed proof of such support within two years after the month in which she became so entitled, and

"(E) is not entitled to old-age insurance benefits, or is entitled to old-age insurance benefits each of which is less than one-half of an old-age insurance benefit of his wife,

shall be entitled to a husband's insurance benefit for each month, beginning with the first month after August 1950 in which he becomes so entitled to such insurance benefits and ending with the month preceding the month in which any of the following occurs: he dies, his wife dies, they are divorced a vinculo matrimonii, or he becomes entitled to an old-age insurance benefit equal to or exceeding one-half of an old-age insurance benefit of his wife.

"(2) Such husband's insurance benefit for each month shall be equal to one-half of the old-age insurance benefit of his wife for such month.

"Child's Insurance Benefits

"(d) (1) Every child (as defined in section 216 (e)) of an individual entitled to old-age insurance benefits, or of an individual who died a fully or currently insured individual after 1939, if such child—

Post, p. 511.

“(A) has filed application for child’s insurance benefits,
“(B) at the time such application was filed was unmarried and had not attained the age of eighteen, and
“(C) was dependent upon such individual at the time such application was filed, or, if such individual has died, was dependent upon such individual at the time of such individual’s death, shall be entitled to a child’s insurance benefit for each month, beginning with the first month after August 1950 in which such child becomes so entitled to such insurance benefits and ending with the month preceding the first month in which any of the following occurs: such child dies, marries, is adopted (except for adoption by a stepparent, grandparent, aunt, or uncle subsequent to the death of such fully or currently insured individual), or attains the age of eighteen.

“(2) Such child’s insurance benefit for each month shall, if the individual on the basis of whose wages and self-employment income the child is entitled to such benefit has not died prior to the end of such month, be equal to one-half of the old-age insurance benefit of such individual for such month. Such child’s insurance benefit for each month shall, if such individual has died in or prior to such month, be equal to three-fourths of the primary insurance amount of such individual, except that, if there is more than one child entitled to benefits on the basis of such individual’s wages and self-employment income, each such child’s insurance benefit for such month shall be equal to the sum of (A) one-half of the primary insurance amount of such individual, and (B) one-fourth of such primary insurance amount divided by the number of such children.

“(3) A child shall be deemed dependent upon his father or adopting father at the time specified in paragraph (1) (C) unless, at such time, such individual was not living with or contributing to the support of such child and—

“(A) such child is neither the legitimate nor adopted child of such individual, or

“(B) such child had been adopted by some other individual, or

“(C) such child was living with and was receiving more than one-half of his support from his stepfather.

“(4) A child shall be deemed dependent upon his stepfather at the time specified in paragraph (1) (C) if, at such time, the child was living with or was receiving at least one-half of his support from such stepfather.

“(5) A child shall be deemed dependent upon his natural or adopting mother at the time specified in paragraph (1) (C) if such mother or adopting mother was a currently insured individual. A child shall also be deemed dependent upon his natural or adopting mother, or upon his stepmother, at the time specified in paragraph (1) (C) if, at such time, (A) she was living with or contributing to the support of such child, and (B) either (i) such child was neither living with nor receiving contributions from his father or adopting father, or (ii) such child was receiving at least one-half of his support from her.

“Widow’s Insurance Benefits

“(e) (1) The widow (as defined in section 216 (c)) of an individual who died a fully insured individual after 1939, if such widow—

“(A) has not remarried,

“(B) has attained retirement age,

“(C) has filed application for widow’s insurance benefits or was entitled, after attainment of retirement age, to wife’s insurance benefits, on the basis of the wages and self-employment income of such individual, for the month preceding the month in which he died,

“(D) was living with such individual at the time of his death, and

“(E) is not entitled to old-age insurance benefits, or is entitled to old-age insurance benefits each of which is less than three-fourths of the primary insurance amount of her deceased husband, shall be entitled to a widow’s insurance benefit for each month, beginning with the first month after August 1950 in which she becomes so entitled to such insurance benefits and ending with the month preceding the first month in which any of the following occurs: she remarries, dies, or becomes entitled to an old-age insurance benefit equal to or exceeding three-fourths of the primary insurance amount of her deceased husband.

“(2) Such widow’s insurance benefit for each month shall be equal to three-fourths of the primary insurance amount of her deceased husband.

“Widower’s Insurance Benefits

“(f) (1) The widower (as defined in section 216 (g)) of an individual who died a fully and currently insured individual after August 1950, if such widower—

Post, p. 511.

“(A) has not remarried,

“(B) has attained retirement age,

“(C) has filed application for widower’s insurance benefits or was entitled to husband’s insurance benefits, on the basis of the wages and self-employment income of such individual, for the month preceding the month in which she died,

“(D) was living with such individual at the time of her death,

“(E) (i) was receiving at least one-half of his support, as determined in accordance with regulations prescribed by the Administrator, from such individual at the time of her death and filed proof of such support within two years of such date of death, or (ii) was receiving at least one-half of his support, as determined in accordance with regulations prescribed by the Administrator, from such individual, and she was a currently insured individual, at the time she became entitled to old-age insurance benefits and filed proof of such support within two years after the month in which she became so entitled, and

“(F) is not entitled to old-age insurance benefits, or is entitled to old-age insurance benefits each of which is less than three-fourths of the primary insurance amount of his deceased wife, shall be entitled to a widower’s insurance benefit for each month, beginning with the first month after August 1950 in which he becomes so entitled to such insurance benefits and ending with the month preceding the first month in which any of the following occurs: he remarries, dies, or becomes entitled to an old-age insurance benefit equal to or exceeding three-fourths of the primary insurance amount of his deceased wife.

“(2) Such widower’s insurance benefit for each month shall be equal to three-fourths of the primary insurance amount of his deceased wife.

“Mother’s Insurance Benefits

“(g) (1) The widow and every former wife divorced (as defined in section 216 (d)) of an individual who died a fully or currently insured individual after 1939, if such widow or former wife divorced—

Post, p. 511.

“(A) has not remarried,

“(B) is not entitled to a widow’s insurance benefit,

“(C) is not entitled to old-age insurance benefits, or is entitled to old-age insurance benefits each of which is less than three-fourths of the primary insurance amount of such individual,

“(D) has filed application for mother’s insurance benefits,

“(E) at the time of filing such application has in her care a child of such individual entitled to a child’s insurance benefit, and

“(F) (i) in the case of a widow, was living with such individual at the time of his death, or (ii) in the case of a former wife divorced, was receiving from such individual (pursuant to agreement or court order) at least one-half of her support at the time of his death, and the child referred to in clause (E) is her son, daughter, or legally adopted child and the benefits referred to in such clause are payable on the basis of such individual’s wages and self-employment income,

shall be entitled to a mother’s insurance benefit for each month, beginning with the first month after August 1950 in which she becomes so entitled to such insurance benefits and ending with the month preceding the first month in which any of the following occurs: no child of such deceased individual is entitled to a child’s insurance benefit, such widow or former wife divorced becomes entitled to an old-age insurance benefit equal to or exceeding three-fourths of the primary insurance amount of such deceased individual, she becomes entitled to a widow’s insurance benefit, she remarries, or she dies. Entitlement to such benefits shall also end, in the case of a former wife divorced, with the month immediately preceding the first month in which no son, daughter, or legally adopted child of such former wife divorced is entitled to a child’s insurance benefit on the basis of the wages and self-employment income of such deceased individual.

“(2) Such mother’s insurance benefit for each month shall be equal to three-fourths of the primary insurance amount of such deceased individual.

“Parent’s Insurance Benefits

“(h) (1) Every parent (as defined in this subsection) of an individual who died a fully insured individual after 1939, if such individual did not leave a widow who meets the conditions in subsection (e) (1) (D) and (E), a widower who meets the conditions in subsection (f) (1) (D), (E), and (F), or an unmarried child under the age of eighteen deemed dependent on such individual under subsection (d) (3), (4), or (5), and if such parent—

“(A) has attained retirement age,

“(B) was receiving at least one-half of his support from such individual at the time of such individual’s death and filed proof of such support within two years of such date of death,

“(C) has not married since such individual’s death,

“(D) is not entitled to old-age insurance benefits, or is entitled to old-age insurance benefits each of which is less than three-fourths of the primary insurance amount of such deceased individual, and

“(E) has filed application for parent’s insurance benefits, shall be entitled to a parent’s insurance benefit for each month beginning with the first month after August 1950 in which such parent becomes so entitled to such parent’s insurance benefits and ending with the month preceding the first month in which any of the following occurs: such parent dies, marries, or becomes entitled to an old-age insurance benefit equal to or exceeding three-fourths of the primary insurance amount of such deceased individual.

“(2) Such parent’s insurance benefit for each month shall be equal to three-fourths of the primary insurance amount of such deceased individual.

“(3) As used in this subsection, the term ‘parent’ means the mother or father of an individual, a stepparent of an individual by a marriage contracted before such individual attained the age of sixteen, or an adopting parent by whom an individual was adopted before he attained the age of sixteen.

“Parent.”

“Lump-Sum Death Payments

“(i) Upon the death, after August 1950, of an individual who died a fully or currently insured individual, an amount equal to three times such individual’s primary insurance amount shall be paid in a lump sum to the person, if any, determined by the Administrator to be the widow or widower of the deceased and to have been living with the deceased at the time of death. If there is no such person, or if such person dies before receiving payment, then such amount shall be paid to any person or persons, equitably entitled thereto, to the extent and in the proportions that he or they shall have paid the expenses of burial of such insured individual. No payment shall be made to any person under this subsection unless application therefor shall have been filed, by or on behalf of any such person (whether or not legally competent), prior to the expiration of two years after the date of death of such insured individual.

“Application for Monthly Insurance Benefits

“(j) (1) An individual who would have been entitled to a benefit under subsection (a), (b), (c), (d), (e), (f), (g), or (h) for any month after August 1950 had he filed application therefor prior to the end of such month shall be entitled to such benefit for such month if he files application therefor prior to the end of the sixth month immediately succeeding such month. Any benefit for a month prior to the month in which application is filed shall be reduced, to any extent that may be necessary, so that it will not render erroneous any benefit which, before the filing of such application, the Administrator has certified for payment for such prior month.

“(2) No application for any benefit under this section for any month after August 1950 which is filed prior to three months before the first month for which the applicant becomes entitled to such benefit shall be accepted as an application for the purposes of this section; and any application filed within such three months’ period shall be deemed to have been filed in such first month.

Post, p. 498.

“Simultaneous Entitlement to Benefits

“(k) (1) A child, entitled to child’s insurance benefits on the basis of the wages and self-employment income of an insured individual, who would be entitled, on filing application, to child’s insurance benefits on the basis of the wages and self-employment income of some other insured individual, shall be deemed entitled, subject to the provisions of paragraph (2) hereof, to child’s insurance benefits on the basis of the wages and self-employment income of such other individual if an application for child’s insurance benefits on the basis of the wages and self-employment income of such other individual has been filed by any other child who would, on filing application, be entitled to child’s insurance benefits on the basis of the wages and self-employment income of both such insured individuals.

“(2) (A) Any child who under the preceding provisions of this section is entitled for any month to more than one child’s insurance benefit shall, notwithstanding such provisions, be entitled to only one of such child’s insurance benefits for such month, such benefit to be the

one based on the wages and self-employment income of the insured individual who has the greatest primary insurance amount.

“(B) Any individual who under the preceding provisions of this section is entitled for any month to more than one monthly insurance benefit (other than an old-age insurance benefit) under this title shall be entitled to only one such monthly benefit for such month, such benefit to be the largest of the monthly benefits to which he (but for this subparagraph (B)) would otherwise be entitled for such month.

“(3) If an individual is entitled to an old-age insurance benefit for any month and to any other monthly insurance benefit for such month, such other insurance benefit for such month shall be reduced (after any reduction under section 203 (a)) by an amount equal to such old-age insurance benefit.

Post, p. 489.

“Entitlement to Survivor Benefits Under Railroad Retirement Act

“(1) If any person would be entitled, upon filing application therefor to an annuity under section 5 of the Railroad Retirement Act of 1937, or to a lump-sum payment under subsection (f) (1) of such section, with respect to the death of an employee (as defined in such Act) no lump-sum death payment, and no monthly benefit for the month in which such employee died or for any month thereafter, shall be paid under this section to any person on the basis of the wages and self-employment income of such employee.”

50 Stat. 312.
45 U. S. C. § 228c;
Sup. III, § 228c.

Effective dates.

(b) (1) Except as provided in paragraph (3), the amendment made by subsection (a) of this section shall take effect September 1, 1950.

(2) Section 205 (m) of the Social Security Act is repealed effective with respect to monthly benefits under section 202 of the Social Security Act, as amended by this Act, for months after August 1950.

(3) Section 202 (j) (2) of the Social Security Act, as amended by this Act, shall take effect on the date of enactment of this Act.

(c) (1) Any individual entitled to primary insurance benefits or widow's current insurance benefits under section 202 of the Social Security Act as in effect prior to its amendment by this Act who would, but for the enactment of this Act, be entitled to such benefits for September 1950 shall be deemed to be entitled to old-age insurance benefits or mother's insurance benefits (as the case may be) under section 202 of the Social Security Act, as amended by this Act, as though such individual became entitled to such benefits in such month.

Ante, p. 482.

(2) Any individual entitled to any other monthly insurance benefits under section 202 of the Social Security Act as in effect prior to its amendment by this Act who would, but for the enactment of this Act, be entitled to such benefits for September 1950 shall be deemed to be entitled to such benefits under section 202 of the Social Security Act, as amended by this Act, as though such individual became entitled to such benefits in such month.

Ante, p. 482.

(3) Any individual who files application after August 1950 for monthly benefits under any subsection of section 202 of the Social Security Act who would, but for the enactment of this Act, be entitled to benefits under such subsection (as in effect prior to such enactment) for any month prior to September 1950 shall be deemed entitled to such benefits for such month prior to September 1950 to the same extent and in the same amounts as though this Act had not been enacted.

Ante, p. 482.

(d) Lump-sum death payments shall be made in the case of individuals who died prior to September 1950 as though this Act had not been enacted; except that in the case of any individual who died outside the forty-eight States and the District of Columbia after December 6, 1941, and prior to August 10, 1946, the last sentence of section 202 (g) of the Social Security Act as in effect prior to the

Ante, p. 485.

enactment of this Act shall not be applicable if application for a lump-sum death payment is filed prior to September 1952.

MAXIMUM BENEFITS

SEC. 102. (a) So much of section 203 of the Social Security Act as precedes subsection (d) is amended to read as follows:

49 Stat. 623.
42 U. S. C. § 403.

“REDUCTION OF INSURANCE BENEFITS

“Maximum Benefits

“SEC. 203. (a) Whenever the total of monthly benefits to which individuals are entitled under section 202 for a month on the basis of the wages and self-employment income of an insured individual exceeds \$150, or is more than \$40 and exceeds 80 per centum of his average monthly wage (as determined under subsection (b) or (c) of section 215, whichever is applicable), such total of benefits shall, after any deductions under this section, be reduced to \$150 or to 80 per centum of his average monthly wage, whichever is the lesser, but in no case to less than \$40, except that when any of such individuals so entitled would (but for the provisions of section 202 (k) (2) (A)) be entitled to child's insurance benefits on the basis of the wages and self-employment income of one or more other insured individuals, such total of benefits shall, after any deductions under this section, be reduced to \$150 or to 80 per centum of the sum of the average monthly wages of all such insured individuals, whichever is the lesser, but in no case to less than \$40. Whenever a reduction is made under this subsection, each benefit, except the old-age insurance benefit, shall be proportionately decreased.”

Ante, p. 482.

Post, pp. 506, 507.

Ante, p. 487.

(b) The amendment made by subsection (a) of this section shall be applicable with respect to benefits for months after August 1950.

DEDUCTIONS FROM BENEFITS

SEC. 103. (a) Subsections (d), (e), (f), (g), and (h) of section 203 of the Social Security Act are amended to read as follows:

53 Stat. 1367.
42 U. S. C. § 403.

“Deductions on Account of Work or Failure To Have Child in Care

“(b) Deductions, in such amounts and at such time or times as the Administrator shall determine, shall be made from any payment or payments under this title to which an individual is entitled, until the total of such deductions equals such individual's benefit or benefits under section 202 for any month—

Ante, p. 482.

“(1) in which such individual is under the age of seventy-five and in which he rendered services for wages (as determined under section 209 without regard to subsection (a) thereof) of more than \$50; or

Post, p. 492.

“(2) in which such individual is under the age of seventy-five and for which month he is charged, under the provisions of subsection (e) of this section, with net earnings from self-employment of more than \$50; or

“(3) in which such individual, if a wife under retirement age entitled to a wife's insurance benefit, did not have in her care (individually or jointly with her husband) a child of her husband entitled to a child's insurance benefit; or

“(4) in which such individual, if a widow entitled to a mother's insurance benefit, did not have in her care a child of her deceased husband entitled to a child's insurance benefit; or

“(5) in which such individual, if a former wife divorced entitled to a mother's insurance benefit, did not have in her care a child,

of her deceased former husband, who (A) is her son, daughter, or legally adopted child and (B) is entitled to a child's insurance benefit on the basis of the wages and self-employment income of her deceased former husband.

"Deductions From Dependents' Benefits Because of Work by Old-Age Insurance Beneficiary

"(c) Deductions shall be made from any wife's, husband's, or child's insurance benefit to which a wife, husband, or child is entitled, until the total of such deductions equals such wife's, husband's, or child's insurance benefit or benefits under section 202 for any month—

Ante, p. 482.

"(1) in which the individual, on the basis of whose wages and self-employment income such benefit was payable, is under the age of seventy-five and in which he rendered services for wages (as determined under section 209 without regard to subsection (a) thereof) of more than \$50; or

Post, p. 492.

"(2) in which the individual referred to in paragraph (1) is under the age of seventy-five and for which month he is charged, under the provisions of subsection (e) of this section, with net earnings from self-employment of more than \$50.

"Occurrence of More Than One Event

"(d) If more than one of the events specified in subsections (b) and (c) occurs in any one month which would occasion deductions equal to a benefit for such month, only an amount equal to such benefit shall be deducted. The charging of net earnings from self-employment to any month shall be treated as an event occurring in the month to which such net earnings are charged.

"Months to Which Net Earnings From Self-Employment Are Charged

"(e) For the purposes of subsections (b) and (c)—

"(1) If an individual's net earnings from self-employment for his taxable year are not more than the product of \$50 times the number of months in such year, no month in such year shall be charged with more than \$50 of net earnings from self-employment.

"(2) If an individual's net earnings from self-employment for his taxable year are more than the product of \$50 times the number of months in such year, each month of such year shall be charged with \$50 of net earnings from self-employment, and the amount of such net earnings in excess of such product shall be further charged to months as follows: The first \$50 of such excess shall be charged to the last month of such taxable year, and the balance, if any, of such excess shall be charged at the rate of \$50 per month to each preceding month in such year until all of such balance has been applied, except that no part of such excess shall be charged to any month (A) for which such individual was not entitled to a benefit under this title, (B) in which an event described in paragraph (1), (3), (4), or (5) of subsection (b) occurred, (C) in which such individual was age seventy-five or over, or (D) in which such individual did not engage in self-employment.

"Last month of such taxable year."

"(3) (A) As used in paragraph (2), the term 'last month of such taxable year' means the latest month in such year to which the charging of the excess described in such paragraph is not prohibited by the application of clauses (A), (B), (C), and (D) thereof.

"(B) For the purposes of clause (D) of paragraph (2), an individual will be presumed, with respect to any month, to have

been engaged in self-employment in such month until it is shown to the satisfaction of the Administrator that such individual rendered no substantial services in such month with respect to any trade or business the net income or loss of which is includible in computing his net earnings from self-employment for any taxable year. The Administrator shall by regulations prescribe the methods and criteria for determining whether or not an individual has rendered substantial services with respect to any trade or business.

"Penalty for Failure to Report Certain Events

"(f) Any individual in receipt of benefits subject to deduction under subsection (b) or (c) (or who is in receipt of such benefits on behalf of another individual), because of the occurrence of an event specified therein (other than an event described in subsection (b) (2) or (c) (2)), shall report such occurrence to the Administrator prior to the receipt and acceptance of an insurance benefit for the second month following the month in which such event occurred. Any such individual having knowledge thereof, who fails to report any such occurrence, shall suffer an additional deduction equal to that imposed under subsection (b) or (c), except that the first additional deduction imposed by this subsection in the case of any individual shall not exceed an amount equal to one month's benefit even though the failure to report is with respect to more than one month.

"Report to Administrator of Net Earnings From Self-Employment

"(g) (1) If an individual is entitled to any monthly insurance benefit under section 202 during any taxable year in which he has net earnings from self-employment in excess of the product of \$50 times the number of months in such year, such individual (or the individual who is in receipt of such benefit on his behalf) shall make a report to the Administrator of his net earnings from self-employment for such taxable year. Such report shall be made on or before the fifteenth day of the third month following the close of such year, and shall contain such information and be made in such manner as the Administrator may by regulations prescribe. Such report need not be made for any taxable year beginning with or after the month in which such individual attained the age of seventy-five.

Ante, p. 482.

"(2) If an individual fails to make a report required under paragraph (1), within the time prescribed therein, of his net earnings from self-employment for any taxable year and any deduction is imposed under subsection (b) (2) by reason of such net earnings—

"(A) such individual shall suffer one additional deduction in an amount equal to his benefit or benefits for the last month in such taxable year for which he was entitled to a benefit under section 202; and

Ante, p. 482.

"(B) if the failure to make such report continues after the close of the fourth calendar month following the close of such taxable year, such individual shall suffer an additional deduction in the same amount for each month during all or any part of which such failure continues after such fourth month;

except that the number of the additional deductions required by this paragraph shall not exceed the number of months in such taxable year for which such individual received and accepted insurance benefits under section 202 and for which deductions are imposed under subsection (b) (2) by reason of such net earnings from self-employment. If more than one additional deduction would be imposed under this paragraph with respect to a failure by an individual to file a report required by paragraph (1) and such failure is the first for which any

Ante, p. 482.

additional deduction is imposed under this paragraph, only one additional deduction shall be imposed with respect to such first failure.

“(3) If the Administrator determines, on the basis of information obtained by or submitted to him, that it may reasonably be expected that an individual entitled to benefits under section 202 for any taxable year will suffer deductions imposed under subsection (b) (2) by reason of his net earnings from self-employment for such year, the Administrator may, before the close of such taxable year, suspend the payment for each month in such year (or for only such months as the Administrator may specify) of the benefits payable on the basis of such individual's wages and self-employment income; and such suspension shall remain in effect with respect to the benefits for any month until the Administrator has determined whether or not any deduction is imposed for such month under subsection (b). The Administrator is authorized, before the close of the taxable year of an individual entitled to benefits during such year, to request of such individual that he make, at such time or times as the Administrator may specify, a declaration of his estimated net earnings from self-employment for the taxable year and that he furnish to the Administrator such other information with respect to such net earnings as the Administrator may specify. A failure by such individual to comply with any such request shall in itself constitute justification for a determination under this paragraph that it may reasonably be expected that the individual will suffer deductions imposed under subsection (b) (2) by reason of his net earnings from self-employment for such year.

Ante, p. 482.

“Circumstances Under Which Deductions Not Required

“(h) Deductions by reason of subsection (b), (f), or (g) shall, notwithstanding the provisions of such subsection, be made from the benefits to which an individual is entitled only to the extent that they reduce the total amount which would otherwise be paid, on the basis of the same wages and self-employment income, to him and the other individuals living in the same household.

“Deductions With Respect to Certain Lump Sum Payments

“(i) Deductions shall also be made from any old-age insurance benefit to which an individual is entitled, or from any other insurance benefit payable on the basis of such individual's wages and self-employment income, until such deductions total the amount of any lump sum paid to such individual under section 204 of the Social Security Act in force prior to the date of enactment of the Social Security Act Amendments of 1939.

49 Stat. 624.
42 U. S. C. § 404.
Post, p. 523.
53 Stat. 1360.
42 U. S. C. §§ 301-
1336; Sup. III, § 303 *et*
seq.

“Attainment of Age Seventy-five

“(j) For the purposes of this section, an individual shall be considered as seventy-five years of age during the entire month in which he attains such age.”

(b) The amendments made by this section shall take effect September 1, 1950, except that the provisions of subsections (d), (e), and (f) of section 203 of the Social Security Act as in effect prior to the enactment of this Act shall be applicable for months prior to September 1950.

Ante, p. 489.

DEFINITIONS

SEC. 104. (a) Title II of the Social Security Act is amended by striking out section 209 and inserting in lieu thereof the following:

49 Stat. 625.
42 U. S. C. § 409; Sup.
III, § 409.

“DEFINITION OF WAGES

“SEC. 209. For the purposes of this title, the term ‘wages’ means remuneration paid prior to 1951 which was wages for the purposes of

this title under the law applicable to the payment of such remuneration, and remuneration paid after 1950 for employment, including the cash value of all remuneration paid in any medium other than cash; except that, in the case of remuneration paid after 1950, such term shall not include—

Exceptions.

“(a) That part of the remuneration which, after remuneration (other than remuneration referred to in the succeeding subsections of this section) equal to \$3,600 with respect to employment has been paid to an individual during any calendar year, is paid to such individual during such calendar year;

“(b) The amount of any payment (including any amount paid by an employer for insurance or annuities, or into a fund, to provide for any such payment) made to, or on behalf of, an employee or any of his dependents under a plan or system established by an employer which makes provision for his employees generally (or for his employees generally and their dependents) or for a class or classes of his employees (or for a class or classes of his employees and their dependents), on account of (1) retirement, or (2) sickness or accident disability, or (3) medical or hospitalization expenses in connection with sickness or accident disability, or (4) death;

“(c) Any payment made to an employee (including any amount paid by an employer for insurance or annuities, or into a fund, to provide for any such payment) on account of retirement;

Retirement payments.

“(d) Any payment on account of sickness or accident disability, or medical or hospitalization expenses in connection with sickness or accident disability, made by an employer to, or on behalf of, an employee after the expiration of six calendar months following the last calendar month in which the employee worked for such employer;

“(e) Any payment made to, or on behalf of, an employee or his beneficiary (1) from or to a trust exempt from tax under section 165 (a) of the Internal Revenue Code at the time of such payment unless such payment is made to an employee of the trust as remuneration for services rendered as such employee and not as a beneficiary of the trust, or (2) under or to an annuity plan which, at the time of such payment, meets the requirements of section 165 (a) (3), (4), (5), and (6) of such code;

56 Stat. 863.
26 U. S. C. § 165 (a).

“(f) The payment by an employer (without deduction from the remuneration of the employee) (1) of the tax imposed upon an employee under section 1400 of the Internal Revenue Code, or (2) of any payment required from an employee under a State unemployment compensation law;

53 Stat. 175.
26 U. S. C. § 1400;
Sup. III, § 1400.
Post, p. 524.

“(g) (1) Remuneration paid in any medium other than cash to an employee for service not in the course of the employer's trade or business or for domestic service in a private home of the employer;

“(2) Cash remuneration paid by an employer in any calendar quarter to an employee for domestic service in a private home of the employer, if the cash remuneration paid in the quarter for such service is less than \$50 or the employee is not regularly employed by the employer in such quarter of payment. For the purposes of this paragraph, an employee shall be deemed to be regularly employed by an employer during a calendar quarter only if (A) on each of some twenty-four days during the quarter the employee performs for the employer for some portion of the day domestic service in a private home of the employer, or (B) the employee was regularly employed (as determined under clause (A)) by the employer in the performance of such service during

Domestic service.

the preceding calendar quarter. As used in this paragraph, the term 'domestic service in a private home of the employer' does not include service described in section 210 (f) (5);

Post, pp. 499, 512.
Agricultural labor.

"(h) Remuneration paid in any medium other than cash for agricultural labor;

"(i) Any payment (other than vacation or sick pay) made to an employee after the month in which he attains retirement age (as defined in section 216 (a)), if he did not work for the employer in the period for which such payment is made; or

Post, p. 510.

"(j) Remuneration paid by an employer in any quarter to an employee for service described in section 210 (k) (3) (C) (relating to home workers), if the cash remuneration paid in such quarter by the employer to the employee for such service is less than \$50.

Post, pp. 500, 512.

"For purposes of this title, in the case of domestic service described in subsection (g) (2), any payment of cash remuneration for such service which is more or less than a whole-dollar amount shall, under such conditions and to such extent as may be prescribed by regulations made under this title, be computed to the nearest dollar. For the purpose of the computation to the nearest dollar, the payment of a fractional part of a dollar shall be disregarded unless it amounts to one-half dollar or more, in which case it shall be increased to \$1. The amount of any payment of cash remuneration so computed to the nearest dollar shall, in lieu of the amount actually paid, be deemed to constitute the amount of cash remuneration for purposes of subsection (g) (2).

"DEFINITION OF EMPLOYMENT

"SEC. 210. For the purposes of this title—

"Employment

"(a) The term 'employment' means any service performed after 1936 and prior to 1951 which was employment for the purposes of this title under the law applicable to the period in which such service was performed, and any service, of whatever nature, performed after 1950 either (A) by an employee for the person employing him, irrespective of the citizenship or residence of either, (i) within the United States, or (ii) on or in connection with an American vessel or American aircraft under a contract of service which is entered into within the United States or during the performance of which and while the employee is employed on the vessel or aircraft it touches at a port in the United States, if the employee is employed on and in connection with such vessel or aircraft when outside the United States, or (B) outside the United States by a citizen of the United States as an employee for an American employer (as defined in subsection (e)); except that, in the case of service performed after 1950, such term shall not include—

Agricultural labor.
Post, p. 499.

"(1) (A) Agricultural labor (as defined in subsection (f) of this section) performed in any calendar quarter by an employee, unless the cash remuneration paid for such labor (other than service described in subparagraph (B)) is \$50 or more and such labor is performed for an employer by an individual who is regularly employed by such employer to perform such agricultural labor. For the purposes of this subparagraph, an individual shall be deemed to be regularly employed by an employer during a calendar quarter only if—

"(i) such individual performs agricultural labor (other than service described in subparagraph (B)) for such

employer on a full-time basis on sixty days during such quarter, and

“(ii) the quarter was immediately preceded by a qualifying quarter.

For the purposes of the preceding sentence, the term ‘qualifying quarter’ means (I) any quarter during all of which such individual was continuously employed by such employer, or (II) any subsequent quarter which meets the test of clause (i) if, after the last quarter during all of which such individual was continuously employed by such employer, each intervening quarter met the test of clause (i). Notwithstanding the preceding provisions of this subparagraph, an individual shall also be deemed to be regularly employed by an employer during a calendar quarter if such individual was regularly employed (upon application of clauses (i) and (ii)) by such employer during the preceding calendar quarter.

“Qualifying quarter.”

“(B) Service performed in connection with the production or harvesting of any commodity defined as an agricultural commodity in section 15 (g) of the Agricultural Marketing Act, as amended, or in connection with the ginning of cotton;

46 Stat. 1550.
12 U. S. C. § 1141j (g).

“(2) Domestic service performed in a local college club, or local chapter of a college fraternity or sorority, by a student who is enrolled and is regularly attending classes at a school, college, or university;

Domestic service by student.

“(3) Service not in the course of the employer’s trade or business performed in any calendar quarter by an employee, unless the cash remuneration paid for such service is \$50 or more and such service is performed by an individual who is regularly employed by such employer to perform such service. For the purposes of this paragraph, an individual shall be deemed to be regularly employed by an employer during a calendar quarter only if (A) on each of some twenty-four days during such quarter such individual performs for such employer for some portion of the day service not in the course of the employer’s trade or business, or (B) such individual was regularly employed (as determined under clause (A)) by such employer in the performance of such service during the preceding calendar quarter. As used in this paragraph, the term ‘service not in the course of the employer’s trade or business’ does not include domestic service in a private home of the employer and does not include service described in subsection (f) (5);

“(4) Service performed by an individual in the employ of his son, daughter, or spouse, and service performed by a child under the age of twenty-one in the employ of his father or mother;

Child in employ of parent.

“(5) Service performed by an individual on or in connection with a vessel not an American vessel, or on or in connection with an aircraft not an American aircraft, if the individual is employed on and in connection with such vessel or aircraft when outside the United States;

Service on non-American vessel or aircraft.

“(6) Service performed in the employ of any instrumentality of the United States, if such instrumentality is exempt from the tax imposed by section 1410 of the Internal Revenue Code by virtue of any provision of law which specifically refers to such section in granting such exemption;

Service in instrumentality of U. S.

53 Stat. 175.
26 U. S. C. § 1410;
Sup. III, § 1410.
Foot. p. 524.

“(7) (A) Service performed in the employ of the United States or in the employ of any instrumentality of the United States, if such service is covered by a retirement system established by a law of the United States;

“(B) Service performed in the employ of an instrumentality of the United States if such an instrumentality was exempt from

53 Stat. 175.
26 U. S. C. § 1410;
Sup. III, § 1410.
Post, p. 524.

the tax imposed by section 1410 of the Internal Revenue Code on December 31, 1950, except that the provisions of this subparagraph shall not be applicable to—

“(i) service performed in the employ of a corporation which is wholly owned by the United States;

“(ii) service performed in the employ of a national farm loan association, a production credit association, a Federal Reserve Bank, or a Federal Credit Union;

“(iii) service performed in the employ of a State, county, or community committee under the Production and Marketing Administration; or

“(iv) service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Army and Air Force Exchange Service, Army and Air Force Motion Picture Service, Navy Exchanges, Marine Corps Exchanges, or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary of Defense, at installations of the Department of Defense for the comfort, pleasure, contentment, and mental and physical improvement of personnel of such Department;

“(C) Service performed in the employ of the United States or in the employ of any instrumentality of the United States, if such service is performed—

“(i) as the President or Vice President of the United States or as a Member, Delegate, or Resident Commissioner, of or to the Congress;

“(ii) in the legislative branch;

“(iii) in the field service of the Post Office Department unless performed by any individual as an employee who is excluded by Executive order from the operation of the Civil Service Retirement Act of 1930 because he is serving under a temporary appointment pending final determination of eligibility for permanent or indefinite appointment;

“(iv) in or under the Bureau of the Census of the Department of Commerce by temporary employees employed for the taking of any census;

“(v) by any individual as an employee who is excluded by Executive order from the operation of the Civil Service Retirement Act of 1930 because he is paid on a contract or fee basis;

“(vi) by any individual as an employee receiving nominal compensation of \$12 or less per annum;

“(vii) in a hospital, home, or other institution of the United States by a patient or inmate thereof;

“(viii) by any individual as a consular agent appointed under authority of section 551 of the Foreign Service Act of 1946 (22 U. S. C., sec. 951);

“(ix) by any individual as an employee included under section 2 of the Act of August 4, 1947 (relating to certain interns, student nurses, and other student employees of hospitals of the Federal Government; 5 U. S. C., sec. 1052);

“(x) by any individual as an employee serving on a temporary basis in case of fire, storm, earthquake, flood, or other similar emergency;

“(xi) by any individual as an employee who is employed under a Federal relief program to relieve him from unemployment;

“(xii) as a member of a State, county, or community committee under the Production and Marketing Administration

46 Stat. 468.
5 U. S. C. § 691 note;
Sup. III, § 691 *et seq.*
Ante, pp. 214, 215,
320; *post*, p. 843.

Supra.

60 Stat. 1011.

61 Stat. 727.
5 U. S. C., Sup. III,
§ 1052.

or of any other board, council, committee, or other similar body, unless such board, council, committee, or other body is composed exclusively of individuals otherwise in the full-time employ of the United States; or

“(xiii) by an individual to whom the Civil Service Retirement Act of 1930 does not apply because such individual is subject to another retirement system;

46 Stat. 468.
5 U. S. C. § 691 note;
Sup. III, § 691 *et seq.*
Note, pp. 214, 215,
320; *post*, p. 843.
Post, p. 514.
Post, p. 501.

“(8) Service (other than service included under an agreement under section 218 and other than service which, under subsection (1), constitutes covered transportation service) performed in the employ of a State, or any political subdivision thereof, or any instrumentality of any one or more of the foregoing which is wholly owned by one or more States or political subdivisions;

Service performed
by ministers, etc.

“(9) (A) Service performed by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order;

“(B) Service performed in the employ of a religious, charitable, educational, or other organization exempt from income tax under section 101 (6) of the Internal Revenue Code, but this subparagraph shall not apply to service performed during the period for which a certificate, filed pursuant to section 1426 (1) of the Internal Revenue Code, is in effect if such service is performed by an employee (i) whose signature appears on the list filed by such organization under such section 1426 (1), or (ii) who became an employee of such organization after the calendar quarter in which the certificate was filed;

53 Stat. 33.
26 U. S. C. § 101 (6).
Post, p. 959.

Post, p. 535.

“(10) Service performed by an individual as an employee or employee representative as defined in section 1532 of the Internal Revenue Code;

53 Stat. 181.
26 U. S. C. § 1532.

“(11) (A) Service performed in any calendar quarter in the employ of any organization exempt from income tax under section 101 of the Internal Revenue Code, if the remuneration for such service is less than \$50;

53 Stat. 33.
26 U. S. C. § 101.
Post, pp. 953, 959.
Service by student.

“(B) Service performed in the employ of a school, college, or university if such service is performed by a student who is enrolled and is regularly attending classes at such school, college, or university;

“(12) Service performed in the employ of a foreign government (including service as a consular or other officer or employee or a nondiplomatic representative);

Service in employ of
foreign government.

“(13) Service performed in the employ of an instrumentality wholly owned by a foreign government—

“(A) If the service is of a character similar to that performed in foreign countries by employees of the United States Government or of an instrumentality thereof; and

“(B) If the Secretary of State shall certify to the Secretary of the Treasury that the foreign government, with respect to whose instrumentality and employees thereof exemption is claimed, grants an equivalent exemption with respect to similar service performed in the foreign country by employees of the United States Government and of instrumentalities thereof;

“(14) Service performed as a student nurse in the employ of a hospital or a nurses' training school by an individual who is enrolled and is regularly attending classes in a nurses' training school chartered or approved pursuant to State law; and service performed as an interne in the employ of a hospital by an individual who has completed a four years' course in a medical school chartered or approved pursuant to State law;

Service as student
nurse; interne.

Service performed in catching aquatic life, etc.

Newspaper distribution, etc.

Service in international organization.

59 Stat. 669.
22 U. S. C. § 288
note; Sup. III, § 284.
Ante, p. 492; *post*,
pp. 545-547, 927, 944,
965, 966.

"(15) Service performed by an individual in (or as an officer or member of the crew of a vessel while it is engaged in) the catching, taking, harvesting, cultivating, or farming of any kind of fish, shellfish, crustacea, sponges, seaweeds, or other aquatic forms of animal and vegetable life (including service performed by any such individual as an ordinary incident to any such activity), except (A) service performed in connection with the catching or taking of salmon or halibut, for commercial purposes, and (B) service performed on or in connection with a vessel of more than ten net tons (determined in the manner provided for determining the register tonnage of merchant vessels under the laws of the United States);

"(16) (A) Service performed by an individual under the age of eighteen in the delivery or distribution of newspapers or shopping news, not including delivery or distribution to any point for subsequent delivery or distribution;

"(B) Service performed by an individual in, and at the time of, the sale of newspapers or magazines to ultimate consumers, under an arrangement under which the newspapers or magazines are to be sold by him at a fixed price, his compensation being based on the retention of the excess of such price over the amount at which the newspapers or magazines are charged to him, whether or not he is guaranteed a minimum amount of compensation for such service, or is entitled to be credited with the unsold newspapers or magazines turned back; or

"(17) Service performed in the employ of an international organization entitled to enjoy privileges, exemptions, and immunities as an international organization under the International Organizations Immunities Act (59 Stat. 669).

"Included and Excluded Service

"(b) If the services performed during one-half or more of any pay period by an employee for the person employing him constitute employment, all the services of such employee for such period shall be deemed to be employment; but if the services performed during more than one-half of any such pay period by an employee for the person employing him do not constitute employment, then none of the services of such employee for such period shall be deemed to be employment. As used in this subsection, the term 'pay period' means a period (of not more than thirty-one consecutive days) for which a payment of remuneration is ordinarily made to the employee by the person employing him. This subsection shall not be applicable with respect to services performed in a pay period by an employee for the person employing him, where any of such service is excepted by paragraph (10) of subsection (a).

"American Vessel

"(c) The term 'American vessel' means any vessel documented or numbered under the laws of the United States; and includes any vessel which is neither documented or numbered under the laws of the United States nor documented under the laws of any foreign country, if its crew is employed solely by one or more citizens or residents of the United States or corporations organized under the laws of the United States or of any State.

"American Aircraft

"(d) The term 'American aircraft' means an aircraft registered under the laws of the United States.

“American Employer

“(e) The term ‘American employer’ means an employer which is (1) the United States or any instrumentality thereof, (2) a State or any political subdivision thereof, or any instrumentality of any one or more of the foregoing, (3) an individual who is a resident of the United States, (4) a partnership, if two-thirds or more of the partners are residents of the United States, (5) a trust, if all of the trustees are residents of the United States, or (6) a corporation organized under the laws of the United States or of any State.

“Agricultural Labor

“(f) The term ‘agricultural labor’ includes all service performed—

“(1) On a farm, in the employ of any person, in connection with cultivating the soil, or in connection with raising or harvesting any agricultural or horticultural commodity, including the raising, shearing, feeding, caring for, training, and management of livestock, bees, poultry, and fur-bearing animals and wildlife.

“(2) In the employ of the owner or tenant or other operator of a farm, in connection with the operation, management, conservation, improvement, or maintenance of such farm and its tools and equipment, or in salvaging timber or clearing land of brush and other debris left by a hurricane, if the major part of such service is performed on a farm.

“(3) In connection with the production or harvesting of any commodity defined as an agricultural commodity in section 15 (g) of the Agricultural Marketing Act, as amended, or in connection with the ginning of cotton, or in connection with the operation or maintenance of ditches, canals, reservoirs, or waterways, not owned or operated for profit, used exclusively for supplying and storing water for farming purposes.

“(4) (A) In the employ of the operator of a farm in handling, planting, drying, packing, packaging, processing, freezing, grading, storing, or delivering to storage or to market or to a carrier for transportation to market, in its unmanufactured state, any agricultural or horticultural commodity; but only if such operator produced more than one-half of the commodity with respect to which such service is performed.

“(B) In the employ of a group of operators of farms (other than a cooperative organization) in the performance of service described in subparagraph (A), but only if such operators produced all of the commodity with respect to which such service is performed. For the purposes of this subparagraph, any unincorporated group of operators shall be deemed a cooperative organization if the number of operators comprising such group is more than twenty at any time during the calendar quarter in which such service is performed.

“(5) On a farm operated for profit if such service is not in the course of the employer’s trade or business or is domestic service in a private home of the employer.

The provisions of subparagraphs (A) and (B) of paragraph (4) shall not be deemed to be applicable with respect to service performed in connection with commercial canning or commercial freezing or in connection with any agricultural or horticultural commodity after its delivery to a terminal market for distribution for consumption.

“Farm

“(g) The term ‘farm’ includes stock, dairy, poultry, fruit, fur-bearing animal, and truck farms, plantations, ranches, nurseries, ranges,

46 Stat. 1550.
12 U. S. C. § 1141j
(g).

greenhouses or other similar structures used primarily for the raising of agricultural or horticultural commodities, and orchards.

“State

“(h) The term ‘State’ includes Alaska, Hawaii, the District of Columbia, and the Virgin Islands; and on and after the effective date specified in section 219 such term includes Puerto Rico.

Post, p. 517.

“United States

“(i) The term ‘United States’ when used in a geographical sense means the States, Alaska, Hawaii, the District of Columbia, and the Virgin Islands; and on and after the effective date specified in section 219 such term includes Puerto Rico.

Post, p. 517.

“Citizen of Puerto Rico

“(j) An individual who is a citizen of Puerto Rico (but not otherwise a citizen of the United States) and who is not a resident of the United States shall not be considered, for the purposes of this section, as a citizen of the United States prior to the effective date specified in section 219.

Post, p. 517.

“Employee

“(k) The term ‘employee’ means—

“(1) any officer of a corporation; or

“(2) any individual who, under the usual common law rules applicable in determining the employer-employee relationship, has the status of an employee; or

“(3) any individual (other than an individual who is an employee under paragraph (1) or (2) of this subsection) who performs services for remuneration for any person—

“(A) as an agent-driver or commission-driver engaged in distributing meat products, vegetable products, fruit products, bakery products, beverages (other than milk), or laundry or dry-cleaning services, for his principal;

“(B) as a full-time life insurance salesman;

“(C) as a home worker performing work, according to specifications furnished by the person for whom the services are performed, on materials or goods furnished by such person which are required to be returned to such person or a person designated by him, if the performance of such services is subject to licensing requirements under the laws of the State in which such services are performed; or

“(D) as a traveling or city salesman, other than as an agent-driver or commission-driver, engaged upon a full-time basis in the solicitation on behalf of, and the transmission to, his principal (except for side-line sales activities on behalf of some other person) of orders from wholesalers, retailers, contractors, or operators of hotels, restaurants, or other similar establishments for merchandise for resale or supplies for use in their business operations;

if the contract of service contemplates that substantially all of such services are to be performed personally by such individual; except that an individual shall not be included in the term ‘employee’ under the provisions of this paragraph if such individual has a substantial investment in facilities used in connection with the performance of such services (other than in facilities for transportation), or if the services are in the nature of a single transaction not part of a continuing relationship with the person for whom the services are performed.

“Covered Transportation Service

“(1) (1) Except as provided in paragraph (2), all service performed in the employ of a State or political subdivision in connection with its operation of a public transportation system shall constitute covered transportation service if any part of the transportation system was acquired from private ownership after 1936 and prior to 1951.

“(2) Service performed in the employ of a State or political subdivision in connection with the operation of its public transportation system shall not constitute covered transportation service if—

“(A) any part of the transportation system was acquired from private ownership after 1936 and prior to 1951, and substantially all service in connection with the operation of the transportation system is, on December 31, 1950, covered under a general retirement system providing benefits which, by reason of a provision of the State constitution dealing specifically with retirement systems of the State or political subdivisions thereof, cannot be diminished or impaired; or

“(B) no part of the transportation system operated by the State or political subdivision on December 31, 1950, was acquired from private ownership after 1936 and prior to 1951; except that if such State or political subdivision makes an acquisition after 1950 from private ownership of any part of its transportation system, then, in the case of any employee who—

“(C) became an employee of such State or political subdivision in connection with and at the time of its acquisition after 1950 of such part, and

“(D) prior to such acquisition rendered service in employment in connection with the operation of such part of the transportation system acquired by the State or political subdivision, the service of such employee in connection with the operation of the transportation system shall constitute covered transportation service, commencing with the first day of the third calendar quarter following the calendar quarter in which the acquisition of such part took place, unless on such first day such service of such employee is covered by a general retirement system which does not, with respect to such employee, contain special provisions applicable only to employees described in subparagraph (C).

“(3) All service performed in the employ of a State or political subdivision thereof in connection with its operation of a public transportation system shall constitute covered transportation service if the transportation system was not operated by the State or political subdivision prior to 1951 and, at the time of its first acquisition (after 1950) from private ownership of any part of its transportation system, the State or political subdivision did not have a general retirement system covering substantially all service performed in connection with the operation of the transportation system.

“(4) For the purposes of this subsection—

“(A) The term ‘general retirement system’ means any pension, annuity, retirement, or similar fund or system established by a State or by a political subdivision thereof for employees of the State, political subdivision, or both; but such term shall not include such a fund or system which covers only service performed in positions connected with the operation of its public transportation system.

“General retirement system.”

“(B) A transportation system or a part thereof shall be considered to have been acquired by a State or political subdivision from private ownership if prior to the acquisition service performed by employees in connection with the operation of the system or part thereof acquired constituted employment under

this title, and some of such employees became employees of the State or political subdivision in connection with and at the time of such acquisition.

"Political subdivision."

"(C) The term 'political subdivision' includes an instrumentality of (i) a State, (ii) one or more political subdivisions of a State, or (iii) a State and one or more of its political subdivisions.

"SELF-EMPLOYMENT

"SEC. 211. For the purposes of this title—

"Net Earnings From Self-Employment

"(a) The term 'net earnings from self-employment' means the gross income, as computed under chapter 1 of the Internal Revenue Code, derived by an individual from any trade or business carried on by such individual, less the deductions allowed under such chapter which are attributable to such trade or business, plus his distributive share (whether or not distributed) of the ordinary net income or loss, as computed under section 183 of such code, from any trade or business carried on by a partnership of which he is a member; except that in computing such gross income and deductions and such distributive share of partnership ordinary net income or loss—

53 Stat. 4.
26 U. S. C. §§ 1-421;
Sup. III, § 11 *et seq.*
Post, pp. 906, 1137.

53 Stat. 70.
26 U. S. C. § 183.

"(1) There shall be excluded rentals from real estate (including personal property leased with the real estate) and deductions attributable thereto, unless such rentals are received in the course of a trade or business as a real estate dealer;

Ante, p. 499.

"(2) There shall be excluded income derived from any trade or business in which, if the trade or business were carried on exclusively by employees, the major portion of the services would constitute agricultural labor as defined in section 210 (f); and there shall be excluded all deductions attributable to such income;

"(3) There shall be excluded dividends on any share of stock, and interest on any bond, debenture, note, or certificate, or other evidence of indebtedness, issued with interest coupons or in registered form by any corporation (including one issued by a government or political subdivision thereof), unless such dividends and interest (other than interest described in section 25 (a) of the Internal Revenue Code) are received in the course of a trade or business as a dealer in stocks or securities;

53 Stat. 17.
26 U. S. C. § 25 (a).

"(4) There shall be excluded any gain or loss (A) which is considered under chapter 1 of the Internal Revenue Code as gain or loss from the sale or exchange of a capital asset, (B) from the cutting or disposal of timber if section 117 (j) of such code is applicable to such gain or loss, or (C) from the sale, exchange, involuntary conversion, or other disposition of property if such property is neither (i) stock in trade or other property of a kind which would properly be includible in inventory if on hand at the close of the taxable year, nor (ii) property held primarily for sale to customers in the ordinary course of the trade or business;

56 Stat. 846.
26 U. S. C. § 117 (j).
Post, p. 933.

"(5) The deduction for net operating losses provided in section 23 (s) of such code shall not be allowed;

53 Stat. 867.
23 U. S. C. § 23 (s).

"(6) (A) If any of the income derived from a trade or business (other than a trade or business carried on by a partnership) is community income under community property laws applicable to such income, all of the gross income and deductions attributable to such trade or business shall be treated as the gross income and deductions of the husband unless the wife exercises substantially all of the management and control of such trade or business, in which case all of such gross income and deductions shall be treated as the gross income and deductions of the wife;

“(B) If any portion of a partner’s distributive share of the ordinary net income or loss from a trade or business carried on by a partnership is community income or loss under the community property laws applicable to such share, all of such distributive share shall be included in computing the net earnings from self-employment of such partner, and no part of such share shall be taken into account in computing the net earnings from self-employment of the spouse of such partner;

“(7) In the case of any taxable year beginning on or after the effective date specified in section 219, (A) the term ‘possession of the United States’ as used in section 251 of the Internal Revenue Code shall not include Puerto Rico, and (B) a citizen or resident of Puerto Rico shall compute his net earnings from self-employment in the same manner as a citizen of the United States and without regard to the provisions of section 252 of such code.

If the taxable year of a partner is different from that of the partnership, the distributive share which he is required to include in computing his net earnings from self-employment shall be based upon the ordinary net income or loss of the partnership for any taxable year of the partnership (even though beginning prior to 1951) ending within or with his taxable year.

Post, p. 517.

53 Stat. 79.
26 U. S. C. § 251;
Sup. III, § 251.
Post, p. 944.

53 Stat. 80.
26 U. S. C. § 252.
Post, p. 944.

“Self-Employment Income

“(b) The term ‘self-employment income’ means the net earnings from self-employment derived by an individual (other than a non-resident alien individual) during any taxable year beginning after 1950; except that such term shall not include—

“(1) That part of the net earnings from self-employment which is in excess of: (A) \$3,600, minus (B) the amount of the wages paid to such individual during the taxable year; or

“(2) The net earnings from self-employment, if such net earnings for the taxable year are less than \$400.

In the case of any taxable year beginning prior to the effective date specified in section 219, an individual who is a citizen of Puerto Rico (but not otherwise a citizen of the United States) and who is not a resident of the United States during such taxable year shall be considered, for the purposes of this subsection, as a nonresident alien individual. An individual who is not a citizen of the United States but who is a resident of the Virgin Islands or (after the effective date specified in section 219) a resident of Puerto Rico shall not, for the purposes of this subsection, be considered to be a nonresident alien individual.

Post, p. 517.

“Trade or Business

“(c) The term ‘trade or business’, when used with reference to self-employment income or net earnings from self-employment, shall have the same meaning as when used in section 23 of the Internal Revenue Code, except that such term shall not include—

53 Stat. 12.
26 U. S. C. § 23; Sup.
III, § 23.
Post, pp. 929, 941,
959, 1219.

“(1) The performance of the functions of a public office;

“(2) The performance of service by an individual as an employee (other than service described in section 210 (a) (16) (B) performed by an individual who has attained the age of eighteen);

Ante, p. 498.

“(3) The performance of service by an individual as an employee or employee representative as defined in section 1532 of the Internal Revenue Code;

53 Stat. 181.
26 U. S. C. § 1532.

“(4) The performance of service by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order; or

“(5) The performance of service by an individual in the exercise of his profession as a physician, lawyer, dentist, osteopath, veterinarian, chiropractor, naturopath, optometrist, Christian Science practitioner, architect, certified public accountant, accountant registered or licensed as an accountant under State or municipal law, full-time practicing public accountant, funeral director, or professional engineer; or the performance of such service by a partnership.

“Partnership and Partner

“(d) The term ‘partnership’ and the term ‘partner’ shall have the same meaning as when used in supplement F of chapter 1 of the Internal Revenue Code.

“Taxable Year

“(e) The term ‘taxable year’ shall have the same meaning as when used in chapter 1 of the Internal Revenue Code; and the taxable year of any individual shall be a calendar year unless he has a different taxable year for the purposes of chapter 1 of such code, in which case his taxable year for the purposes of this title shall be the same as his taxable year under such chapter 1.

“CREDITING OF SELF-EMPLOYMENT INCOME TO CALENDAR QUARTERS

“SEC. 212. For the purposes of determining average monthly wage and quarters of coverage the amount of self-employment income derived during any taxable year shall be credited to calendar quarters as follows:

“(a) In the case of a taxable year which is a calendar year the self-employment income of such taxable year shall be credited equally to each quarter of such calendar year.

“(b) In the case of any other taxable year the self-employment income shall be credited equally to the calendar quarter in which such taxable year ends and to each of the next three or fewer preceding quarters any part of which is in such taxable year.

“QUARTER AND QUARTER OF COVERAGE

“Definitions

“SEC. 213. (a) For the purposes of this title—

“(1) The term ‘quarter’, and the term ‘calendar quarter’, means a period of three calendar months ending on March 31, June 30, September 30, or December 31.

“(2) (A) The term ‘quarter of coverage’ means, in the case of any quarter occurring prior to 1951, a quarter in which the individual has been paid \$50 or more in wages. In the case of any individual who has been paid, in a calendar year prior to 1951, \$3,000 or more in wages each quarter of such year following his first quarter of coverage shall be deemed a quarter of coverage, excepting any quarter in such year in which such individual died or became entitled to a primary insurance benefit and any quarter succeeding such quarter in which he died or became so entitled.

“(B) The term ‘quarter of coverage’ means, in the case of a quarter occurring after 1950, a quarter in which the individual has been paid \$50 or more in wages or for which he has been credited (as determined under section 212) with \$100 or more of self-employment income, except that—

“(i) no quarter after the quarter in which such individual died shall be a quarter of coverage;

“(ii) if the wages paid to any individual in a calendar year equal or exceed \$3,600, each quarter of such year shall (subject to clause (i)) be a quarter of coverage;

53 Stat. 69.
26 U. S. C. §§181-190.

53 Stat. 4.
26 U. S. C. §§ 1-421;
Sup. III, § 11 *et seq.*
Post, pp. 906, 1137.

Supra

“(iii) if an individual has self-employment income for a taxable year, and if the sum of such income and the wages paid to him during such taxable year equals \$3,600, each quarter any part of which falls in such year shall be a quarter of coverage; and

“(iv) no quarter shall be counted as a quarter of coverage prior to the beginning of such quarter.

“Crediting of Wages Paid in 1937

“(b) With respect to wages paid to an individual in the six-month periods commencing either January 1, 1937, or July 1, 1937; (A) if wages of not less than \$100 were paid in any such period, one-half of the total amount thereof shall be deemed to have been paid in each of the calendar quarters in such period; and (B) if wages of less than \$100 were paid in any such period, the total amount thereof shall be deemed to have been paid in the latter quarter of such period, except that if in any such period, the individual attained age sixty-five, all of the wages paid in such period shall be deemed to have been paid before such age was attained.

“INSURED STATUS FOR PURPOSES OF OLD-AGE AND SURVIVORS INSURANCE BENEFITS

“SEC. 214. For the purposes of this title—

“Fully Insured Individual

“(a) (1) In the case of any individual who died prior to September 1, 1950, the term ‘fully insured individual’ means any individual who had not less than one quarter of coverage (whenever acquired) for each two of the quarters elapsing after 1936, or after the quarter in which he attained the age of twenty-one, whichever is later, and up to but excluding the quarter in which he attained retirement age, or died, whichever first occurred, except that in no case shall an individual be a fully insured individual unless he has at least six quarters of coverage.

“(2) In the case of any individual who did not die prior to September 1, 1950, the term ‘fully insured individual’ means any individual who had not less than—

“(A) one quarter of coverage (whether acquired before or after such day) for each two of the quarters elapsing after 1950, or after the quarter in which he attained the age of twenty-one, whichever is later, and up to but excluding the quarter in which he attained retirement age, or died, whichever first occurred, except that in no case shall an individual be a fully insured individual unless he has at least six quarters of coverage; or

“(B) forty quarters of coverage.

“(3) When the number of elapsed quarters specified in paragraph (1) or (2) (A) is an odd number, for purposes of such paragraph such number shall be reduced by one.

“Currently Insured Individual

“(b) The term ‘currently insured individual’ means any individual who had not less than six quarters of coverage during the thirteen-quarter period ending with (1) the quarter in which he died, (2) the quarter in which he became entitled to old-age insurance benefits, or (3) the quarter in which he became entitled to primary insurance benefits under this title as in effect prior to the enactment of this section.

“COMPUTATION OF PRIMARY INSURANCE AMOUNT

“SEC. 215. For the purposes of this title—

“Primary Insurance Amount

“(a) (1) The primary insurance amount of an individual who attained age twenty-two after 1950 and with respect to whom not less than six of the quarters elapsing after 1950 are quarters of coverage shall be 50 per centum of the first \$100 of his average monthly wage plus 15 per centum of the next \$200 of such wage; except that if his average monthly wage is less than \$50, his primary insurance amount shall be the amount appearing in column II of the following table on the line on which in column I appears his average monthly wage.

I	II
Average Monthly Wage	Primary Insurance Amount
\$30 or less	\$20
\$31	\$21
\$32	\$22
\$33	\$23
\$34	\$24
\$35 to \$49	\$25

“(2) The primary insurance amount of an individual who attained age twenty-two prior to 1951 and with respect to whom not less than six of the quarters elapsing after 1950 are quarters of coverage shall be whichever of the following is the larger—

“(A) the amount computed as provided in paragraph (1) of this subsection; or

“(B) the amount determined under subsection (c).

“(3) The primary insurance amount of any other individual shall be the amount determined under subsection (c).

“Average Monthly Wage

“(b) (1) An individual’s ‘average monthly wage’ shall be the quotient obtained by dividing the total of—

“(A) his wages after his starting date (determined under paragraph (2)) and prior to his wage closing date (determined under paragraph (3)), and

“(B) his self-employment income after such starting date and prior to his self-employment income closing date (determined under paragraph (3))

by the number of months elapsing after such starting date and prior to his divisor closing date (determined under paragraph (3)) excluding from such elapsed months any month in any quarter prior to the quarter in which he attained the age of twenty-two which was not a quarter of coverage, except that when the number of such elapsed months thus computed is less than eighteen, it shall be increased to eighteen.

“Starting date.” “(2) An individual’s ‘starting date’ shall be December 31, 1950, or, if later, the day preceding the quarter in which he attained the age of twenty-two, whichever results in the higher average monthly wage.

“Wage closing date.” “(3) (A) Except to the extent provided in paragraph (D), an individual’s ‘wage closing date’ shall be the first day of the second quarter preceding the quarter in which he died or became entitled to old-age insurance benefits, whichever first occurred.

“Self-employment income closing date.” “(B) Except to the extent provided in paragraph (D), an individual’s ‘self-employment income closing date’ shall be the day following the quarter in which ends his last taxable year (i) which ended before the month in which he died or became entitled to old-age insurance benefits, whichever first occurred, and (ii) during which he derived self-employment income.

“(C) Except to the extent provided in paragraph (D), an individual’s ‘divisor closing date’ shall be the later of his wage closing date and his self-employment income closing date.

“Divisor closing date.”

“(D) In the case of an individual who died or became entitled to old-age insurance benefits after the first quarter in which he both was fully insured and had attained retirement age, the determination of his closing dates shall be made as though he became entitled to old-age insurance benefits in such first quarter, but only if it would result in a higher average monthly wage for such individual.

“(4) Notwithstanding the preceding provisions of this subsection, in computing an individual’s average monthly wage, there shall not be taken into account any self-employment income of such individual for taxable years ending in or after the month in which he died or became entitled to old-age insurance benefits, whichever first occurred.

“Determinations Made by Use of the Conversion Table

“(c) (1) The amount referred to in paragraph (3) and clause (B) of paragraph (2) of subsection (a) for an individual shall be the amount appearing in column II of the following table on the line on which in column I appears his primary insurance benefit (determined as provided in subsection (d)); and his average monthly wage shall, for purposes of section 203 (a), be the amount appearing on such line in column III.

Anne, p. 439.

“I If the primary insurance benefit (as determined under subsection (d)) is:	II The primary insurance amount shall be:	III And the average monthly wage for purpose of computing maximum benefits shall be:
\$10	\$20. 00	\$40. 00
\$11	22. 00	44. 00
\$12	24. 00	48. 00
\$13	26. 00	52. 00
\$14	28. 00	56. 00
\$15	30. 00	60. 00
\$16	31. 70	63. 40
\$17	33. 20	66. 40
\$18	34. 50	69. 00
\$19	35. 70	71. 40
\$20	37. 00	74. 00
\$21	38. 50	77. 00
\$22	40. 20	80. 40
\$23	42. 20	84. 40
\$24	44. 50	89. 00
\$25	46. 50	93. 00
\$26	48. 30	96. 60
\$27	50. 00	100. 00
\$28	51. 50	110. 00
\$29	52. 80	118. 60
\$30	54. 00	126. 60
\$31	55. 10	134. 00
\$32	56. 20	141. 30
\$33	57. 20	148. 00
\$34	58. 20	154. 60
\$35	59. 20	161. 30
\$36	60. 20	168. 00
\$37	61. 20	174. 60
\$38	62. 20	181. 30
\$39	63. 10	187. 30
\$40	64. 00	195. 00
\$41	64. 90	210. 00
\$42	65. 80	220. 00
\$43	66. 70	230. 00
\$44	67. 60	240. 00
\$45	68. 50	250. 00
\$46	68. 50	250. 00

"(2) In case the primary insurance benefit of an individual (determined as provided in subsection (d)) falls between the amounts on any two consecutive lines in column I of the table, the amount referred to in paragraph (3) and clause (B) of paragraph (2) of subsection (a) for such individual, and his average monthly wage for purposes of section 203 (a), shall be determined in accordance with regulations of the Administrator designed to obtain results consistent with those obtained for individuals whose primary insurance benefits are shown in column I of the table.

Ante, p. 489.

"(3) For the purpose of facilitating the use of the conversion table in computing any insurance benefit under section 202, the Administrator is authorized to assume that the primary insurance benefit from which such benefit under section 202 is determined is one cent or two cents more or less than its actual amount.

Ante, p. 482.

"Primary Insurance Benefit for Purposes of Conversion Table

"(d) For the purposes of subsection (c), the primary insurance benefits of individuals shall be determined as follows:

"(1) In the case of any individual who was entitled to a primary insurance benefit for August 1950, his primary insurance benefit shall, except as provided in paragraph (2), be the primary insurance benefit to which he was so entitled.

World War II veteran, etc.

"(2) In the case of any individual to whom paragraph (1) is applicable and who is a World War II veteran or in August 1950 rendered services for wages of \$15 or more, his primary insurance benefit shall be whichever of the following is larger: (A) the primary insurance benefit to which he was entitled for August 1950, or (B) his primary insurance benefit for August 1950 recomputed, under section 209 (q) of the Social Security Act as in effect prior to the enactment of this section, in the same manner as if such individual had filed application for and was entitled to a recomputation for August 1950, except that in making such recomputation section 217 (a) shall be applicable if such individual is a World War II veteran.

60 Stat. 989.
42 U. S. C. § 409 (q).
Ante, p. 492.

Post, p. 512.

"(3) In the case of any individual who died prior to September 1950, his primary insurance benefit shall be determined as provided in this title as in effect prior to the enactment of this section, except that section 217 (a) shall be applicable, in lieu of section 210 of this Act as in effect prior to the enactment of this section, but only if it results in a larger primary insurance benefit.

Post, p. 512; *ante*,
p. 494.

"(4) In the case of any other individual, his primary insurance benefit shall be computed as provided in this title as in effect prior to the enactment of this section, except that—

"(A) In the computation of such benefit, such individual's average monthly wage shall (in lieu of being determined under section 209 (f) of such title as in effect prior to the enactment of this section) be determined as provided in subsection (b) of this section, except that his starting date shall be December 31, 1936.

"(B) For purposes of such computation, the date he became entitled to old-age insurance benefits shall be deemed to be the date he became entitled to primary insurance benefits.

"(C) The 1 per centum addition provided for in section 209 (e) (2) of this Act as in effect prior to the enactment of this section shall be applicable only with respect to calendar years prior to 1951.

"(D) The provisions of subsection (e) shall be applicable to such computation.

Ante, p. 493.

Ante, p. 493.

"Certain Wages and Self-Employment Income Not To Be Counted

"(e) For the purposes of subsections (b) and (d) (4)—

"(1) in computing an individual's average monthly wage there shall not be counted, in the case of any calendar year after 1950,

the excess over \$3,600 of (A) the wages paid to him in such year, plus (B) the self-employment income credited to such year (as determined under section 212); and

Ante, p. 504.

“(2) if an individual’s average monthly wage computed under subsection (b) or for the purposes of subsection (d) (4) is not a multiple of \$1, it shall be reduced to the next lower multiple of \$1.

“Recomputation of Benefits

“(f) (1) After an individual’s primary insurance amount has been determined under this section, there shall be no recomputation of such individual’s primary insurance amount except as provided in this subsection or, in the case of a World War II veteran who died prior to July 27, 1954, as provided in section 217 (b).

Post, p. 513.

“(2) Upon application by an individual entitled to old-age insurance benefits, the Administrator shall recompute his primary insurance amount if application therefor is filed after the twelfth month for which deductions under paragraph (1) or (2) of section 203 (b) have been imposed (within a period of thirty-six months) with respect to such benefit, not taking into account any month prior to September 1950 or prior to the earliest month for which the last previous computation of his primary insurance amount was effective, and if not less than six of the quarters elapsing after 1950 and prior to the quarter in which he filed such application are quarters of coverage. A recomputation under this paragraph shall be made only as provided in subsection (a) (1) and shall take into account only such wages and self-employment income as would be taken into account under subsection (b) if the month in which application for recomputation is filed were deemed to be the month in which the individual became entitled to old-age insurance benefits. Such recomputation shall be effective for and after the month in which such application for recomputation is filed.

Ante, p. 489.

Ante, p. 506.

“(3) (A) Upon application by an individual entitled to old-age insurance benefits, filed at least six months after the month in which he became so entitled, the Administrator shall recompute his primary insurance amount. Such recomputation shall be made in the manner provided in the preceding subsections of this section for computation of such amount except that his closing dates for purposes of subsection (b) shall be deemed to be the first day of the quarter in which he became entitled to old-age insurance benefits. Such recomputation shall be effective for and after the first month in which he became entitled to old-age insurance benefits.

“(B) Upon application by a person entitled to monthly benefits on the basis of the wages and self-employment income of an individual who died after August 1950, the Administrator shall recompute such individual’s primary insurance amount if such application is filed at least six months after the month in which such individual died or became entitled to old-age insurance benefits, whichever first occurred. Such recomputation shall be made in the manner provided in the preceding subsections of this section for computation of such amount except that his closing dates for purposes of subsection (b) shall be deemed to be the first day of the quarter in which he died or became entitled to old-age insurance benefits, whichever first occurred. Such recomputation shall be effective for and after the month in which such person who filed the application for recomputation became entitled to such monthly benefits. No recomputation under this paragraph shall affect the amount of the lump-sum death payment under subsection (i) of section 202 and no such recomputation shall render erroneous any such payment certified by the Administrator prior to the effective date of the recomputation.

Ante, p. 487.

“(4) Upon the death after August 1950 of an individual entitled to old-age insurance benefits, if any person is entitled to monthly benefits, or to a lump-sum death payment, on the basis of the wages and self-employment income of such individual, the Administrator shall recompute the decedent's primary insurance amount, but (except as provided in paragraph (3) (B)) only if—

“(A) the decedent would have been entitled to a recomputation under paragraph (2) if he had filed application therefor in the month in which he died; or

Post, p. 520.

“(B) the decedent during his lifetime was paid compensation which is treated, under section 205 (o), as remuneration for employment.

If the recomputation is permitted by subparagraph (A), the recomputation shall be made (if at all) as though he had filed application for a recomputation under paragraph (2) in the month in which he died, except that such recomputation shall include any compensation (described in section 205 (o)) paid to him prior to the divisor closing date which would have been applicable under such paragraph. If recomputation is permitted by subparagraph (B), the recomputation shall take into account only the wages and self-employment income which were taken into account in the last previous computation of his primary insurance amount and the compensation (described in section 205 (o)) paid to him prior to the divisor closing date applicable to such computation. If both of the preceding sentences are applicable to an individual, only the recomputation which results in the larger primary insurance amount shall be made.

Post, p. 520.

“(5) Any recomputation under this subsection shall be effective only if such recomputation results in a higher primary insurance amount.

“Rounding of Benefits

“(g) The amount of any primary insurance amount and the amount of any monthly benefit computed under section 202 which (after reduction under section 203 (a)) is not a multiple of \$0.10 shall be raised to the next higher multiple of \$0.10.

Ante, p. 482.

Ante, p. 489.

“OTHER DEFINITIONS

“SEC. 216. For the purposes of this title—

“Retirement Age

“(a) The term ‘retirement age’ means age sixty-five.

“Wife

“(b) The term ‘wife’ means the wife of an individual, but only if she (1) is the mother of his son or daughter, or (2) was married to him for a period of not less than three years immediately preceding the day on which her application is filed.

“Widow

“(c) The term ‘widow’ (except when used in section 202 (i)) means the surviving wife of an individual, but only if she (1) is the mother of his son or daughter, (2) legally adopted his son or daughter while she was married to him and while such son or daughter was under the age of eighteen, (3) was married to him at the time both of them legally adopted a child under the age of eighteen, or (4) was married to him for a period of not less than one year immediately prior to the day on which he died.

Ante, p. 487.

“Former Wife Divorced

“(d) The term ‘former wife divorced’ means a woman divorced from an individual, but only if she (1) is the mother of his son or daughter, (2) legally adopted his son or daughter while she was married to him and while such son or daughter was under the age of eighteen, or (3) was married to him at the time both of them legally adopted a child under the age of eighteen.

“Child

“(e) The term ‘child’ means (1) the child of an individual, and (2) in the case of a living individual, a stepchild or adopted child who has been such stepchild or adopted child for not less than three years immediately preceding the day on which application for child’s benefits is filed, and (3) in the case of a deceased individual, (A) an adopted child, or (B) a stepchild who has been such stepchild for not less than one year immediately preceding the day on which such individual died. In determining whether an adopted child has met the length of time requirement in clause (2), time spent in the relationship of stepchild shall be counted as time spent in the relationship of adopted child.

“Husband

“(f) The term ‘husband’ means the husband of an individual, but only if he (1) is the father of her son or daughter, or (2) was married to her for a period of not less than three years immediately preceding the day on which his application is filed.

“Widower

“(g) The term ‘widower’ (except when used in section 202 (i)) means the surviving husband of an individual, but only if he (1) is the father of her son or daughter, (2) legally adopted her son or daughter while he was married to her and while such son or daughter was under the age of eighteen, (3) was married to her at the time both of them legally adopted a child under the age of eighteen, or (4) was married to her for a period of not less than one year immediately prior to the day on which she died.

Ante, p. 487.

“Determination of Family Status

“(h) (1) In determining whether an applicant is the wife, husband, widow, widower, child, or parent of a fully insured or currently insured individual for purposes of this title, the Administrator shall apply such law as would be applied in determining the devolution of intestate personal property by the courts of the State in which such insured individual is domiciled at the time such applicant files application, or, if such insured individual is dead, by the courts of the State in which he was domiciled at the time of his death, or if such insured individual is or was not so domiciled in any State, by the courts of the District of Columbia. Applicants who according to such law would have the same status relative to taking intestate personal property as a wife, husband, widow, widower, child, or parent shall be deemed such.

“(2) A wife shall be deemed to be living with her husband if they are both members of the same household, or she is receiving regular contributions from him toward her support, or he has been ordered by any court to contribute to her support; and a widow shall be deemed to have been living with her husband at the time of his death if they were both members of the same household on the date of his death, or she was receiving regular contributions from him toward her support

on such date, or he had been ordered by any court to contribute to her support.

"(3) A husband shall be deemed to be living with his wife if they are both members of the same household, or he is receiving regular contributions from her toward his support, or she has been ordered by any court to contribute to his support; and a widower shall be deemed to have been living with his wife at the time of her death if they were both members of the same household on the date of her death, or he was receiving regular contributions from her toward his support on such date, or she had been ordered by any court to contribute to his support."

(b) The amendment made by subsection (a) shall take effect January 1, 1951, except that sections 214, 215, and 216 of the Social Security Act shall be applicable (1) in the case of monthly benefits for months after August 1950, and (2) in the case of lump-sum death payments with respect to deaths after August 1950.

Ante, pp. 505, 506, 510.

WORLD WAR II VETERANS

SEC. 105. Effective September 1, 1950, title II of the Social Security Act is amended by striking out section 210 and by adding after section 216 (added by section 104 (a) of this Act) the following:

60 Stat. 979.
42 U. S. C. § 410.
Ante, p. 510.

"BENEFITS IN CASE OF WORLD WAR II VETERANS

"SEC. 217. (a) (1) For purposes of determining entitlement to and the amount of any monthly benefit for any month after August 1950, or entitlement to and the amount of any lump-sum death payment in case of a death after such month, payable under this title on the basis of the wages and self-employment income of any World War II veteran, such veteran shall be deemed to have been paid wages (in addition to the wages, if any, actually paid to him) of \$160 in each month during any part of which he served in the active military or naval service of the United States during World War II. This subsection shall not be applicable in the case of any monthly benefit or lump-sum death payment if—

"(A) a larger such benefit or payment, as the case may be, would be payable without its application; or

"(B) a benefit (other than a benefit payable in a lump sum unless it is a commutation of, or a substitute for, periodic payments) which is based, in whole or in part, upon the active military or naval service of such veteran during World War II is determined by any agency or wholly owned instrumentality of the United States (other than the Veterans' Administration) to be payable by it under any other law of the United States or under a system established by such agency or instrumentality.

"(2) Upon application for benefits or a lump-sum death payment on the basis of the wages and self-employment income of any World War II veteran, the Federal Security Administrator shall make a decision without regard to clause (B) of paragraph (1) of this subsection unless he has been notified by some other agency or instrumentality of the United States that, on the basis of the military or naval service of such veteran during World War II, a benefit described in clause (B) of paragraph (1) has been determined by such agency or instrumentality to be payable by it. If he has not been so notified, the Federal Security Administrator shall then ascertain whether some other agency or wholly owned instrumentality of the United States has decided that a benefit described in clause (B) of paragraph (1) is payable by it. If any such agency or instrumentality has decided, or thereafter decides, that such a benefit is payable by it, it shall so notify the Federal Security Administrator, and the Administrator

Decision, etc., by
Federal Security Ad-
ministrator.

shall certify no further benefits for payment or shall recompute the amount of any further benefits payable, as may be required by paragraph (1) of this subsection.

“(3) Any agency or wholly owned instrumentality of the United States which is authorized by any law of the United States to pay benefits, or has a system of benefits which are based, in whole or in part, on military or naval service during World War II shall, at the request of the Federal Security Administrator, certify to him, with respect to any veteran, such information as the Administrator deems necessary to carry out his functions under paragraph (2) of this subsection.

“(b) (1) Any World War II veteran who died during the period of three years immediately following his separation from the active military or naval service of the United States shall be deemed to have died a fully insured individual whose primary insurance amount is the amount determined under section 215 (c). Notwithstanding section 215 (d), the primary insurance benefit (for purposes of section 215 (c)) of such veteran shall be determined as provided in this title as in effect prior to the enactment of this section, except that the 1 per centum addition provided for in section 209 (e) (2) of this Act as in effect prior to the enactment of this section shall be applicable only with respect to calendar years prior to 1951. This subsection shall not be applicable in the case of any monthly benefit or lump-sum death payment if—

Death within 3 years after separation from service.

Ante, p. 507.

Ante, p. 508.

53 Stat. 1376.
42 U. S. C., § 409 (e)
(2).

“(A) a larger such benefit or payment, as the case may be, would be payable without its application;

“(B) any pension or compensation is determined by the Veterans' Administration to be payable by it on the basis of the death of such veteran;

“(C) the death of the veteran occurred while he was in the active military or naval service of the United States; or

“(D) such veteran has been discharged or released from the active military or naval service of the United States subsequent to July 26, 1951.

“(2) Upon an application for benefits or a lump-sum death payment on the basis of the wages and self-employment income of any World War II veteran, the Federal Security Administrator shall make a decision without regard to paragraph (1) (B) of this subsection unless he has been notified by the Veterans' Administration that pension or compensation is determined to be payable by the Veterans' Administration by reason of the death of such veteran. The Federal Security Administrator shall thereupon report such decision to the Veterans' Administration. If the Veterans' Administration in any such case has made an adjudication or thereafter makes an adjudication that any pension or compensation is payable under any law administered by it, it shall notify the Federal Security Administrator, and the Administrator shall certify no further benefits for payment, or shall recompute the amount of any further benefits payable, as may be required by paragraph (1) of this subsection. Any payments theretofore certified by the Federal Security Administrator on the basis of paragraph (1) of this subsection to any individual, not exceeding the amount of any accrued pension or compensation payable to him by the Veterans' Administration, shall (notwithstanding the provisions of section 3 of the Act of August 12, 1935, as amended (38 U. S. C., sec. 454a)) be deemed to have been paid to him by such Administration on account of such accrued pension or compensation. No such payment certified by the Federal Security Administrator, and no payment certified by him for any month prior to the first month for which any pension or compensation is paid by the Veterans'

49 Stat. 609.

Administration shall be deemed by reason of this subsection to have been an erroneous payment.

Ante, p. 486.

“(c) In the case of any World War II veteran to whom subsection (a) is applicable, proof of support required under section 202 (h) may be filed by a parent at any time prior to July 1951 or prior to the expiration of two years after the date of the death of such veteran, whichever is the later.

“World War II.”

“(d) For the purposes of this section—

“(1) The term ‘World War II’ means the period beginning with September 16, 1940, and ending at the close of July 24, 1947.

“World War II veteran.”

“(2) The term ‘World War II veteran’ means any individual who served in the active military or naval service of the United States at any time during World War II and who, if discharged or released therefrom, was so discharged or released under conditions other than dishonorable after active service of ninety days or more or by reason of a disability or injury incurred or aggravated in service in line of duty; but such term shall not include any individual who died while in the active military or naval service of the United States if his death was inflicted (other than by an enemy of the United States) as lawful punishment for a military or naval offense.”

COVERAGE OF STATE AND LOCAL EMPLOYEES

Ante, p. 512.

SEC. 106. Title II of the Social Security Act is amended by adding after section 217 (added by section 105 of this Act) the following:

“VOLUNTARY AGREEMENTS FOR COVERAGE OF STATE AND LOCAL EMPLOYEES

“Purpose of Agreement

“SEC. 218. (a) (1) The Administrator shall, at the request of any State, enter into an agreement with such State for the purpose of extending the insurance system established by this title to services performed by individuals as employees of such State or any political subdivision thereof. Each such agreement shall contain such provisions, not inconsistent with the provisions of this section, as the State may request.

Ante, p. 512.

“(2) Notwithstanding section 210 (a), for the purposes of this title the term ‘employment’ includes any service included under an agreement entered into under this section.

“Definitions

“(b) For the purposes of this section—

“(1) The term ‘State’ does not include the District of Columbia.

“(2) The term ‘political subdivision’ includes an instrumentality of (A) a State, (B) one or more political subdivisions of a State, or (C) a State and one or more of its political subdivisions.

“(3) The term ‘employee’ includes an officer of a State or political subdivision.

“(4) The term ‘retirement system’ means a pension, annuity, retirement, or similar fund or system established by a State or by a political subdivision thereof.

“(5) The term ‘coverage group’ means (A) employees of the State other than those engaged in performing service in connection with a proprietary function; (B) employees of a political subdivision of a State other than those engaged in performing service in connection with a proprietary function; (C) employees of a State engaged in performing service in connection with a single proprietary function; or (D) employees of a political subdivision of a State engaged in performing service in connection

with a single proprietary function. If under the preceding sentence an employee would be included in more than one coverage group by reason of the fact that he performs service in connection with two or more proprietary functions or in connection with both a proprietary function and a nonproprietary function, he shall be included in only one such coverage group. The determination of the coverage group in which such employee shall be included shall be made in such manner as may be specified in the agreement.

“Services Covered

“(c) (1) An agreement under this section shall be applicable to any one or more coverage groups designated by the State.

“(2) In the case of each coverage group to which the agreement applies, the agreement must include all services (other than services excluded by or pursuant to subsection (d) or paragraph (3), (5), or (6) of this subsection) performed by individuals as members of such group.

“(3) Such agreement shall, if the State requests it, exclude (in the case of any coverage group) any services of an emergency nature or all services in any class or classes of elective positions, part-time positions, or positions the compensation for which is on a fee basis.

“(4) The Administrator shall, at the request of any State, modify the agreement with such State so as to (A) include any coverage group to which the agreement did not previously apply, or (B) include, in the case of any coverage group to which the agreement applies, services previously excluded from the agreement; but the agreement as so modified may not be inconsistent with the provisions of this section applicable in the case of an original agreement with a State.

“(5) Such agreement shall, if the State requests it, exclude (in the case of any coverage group) any agricultural labor, or service performed by a student, designated by the State. This paragraph shall apply only with respect to service which is excluded from employment by any provision of section 210 (a) other than paragraph (8) of such section.

Ante, p. 494.

“(6) Such agreement shall exclude—

“(A) service performed by an individual who is employed to relieve him from unemployment,

“(B) service performed in a hospital, home, or other institution by a patient or inmate thereof,

“(C) covered transportation service (as determined under section 210 (1)), and

Ante, p. 501.

“(D) service (other than agricultural labor or service performed by a student) which is excluded from employment by any provision of section 210 (a) other than paragraph (8) of such section.

Ante, p. 494.

“Exclusion of Positions Covered by Retirement Systems

“(d) No agreement with any State may be made applicable (either in the original agreement or by any modification thereof) to any service performed by employees as members of any coverage group in positions covered by a retirement system on the date such agreement is made applicable to such coverage group.

“Payments and Reports by States

“(e) Each agreement under this section shall provide—

“(1) that the State will pay to the Secretary of the Treasury, at such time or times as the Administrator may by regulations prescribe, amounts equivalent to the sum of the taxes which would be imposed by sections 1400 and 1410 of the Internal Revenue Code

Post, p. 524.

53 Stat. 177.
26 U. S. C. § 1426.
Post, pp. 525, 528,
532, 533, 536.

if the services of employees covered by the agreement constituted employment as defined in section 1426 of such code; and

“(2) that the State will comply with such regulations relating to payments and reports as the Administrator may prescribe to carry out the purposes of this section.

“Effective Date of Agreement

“(f) Any agreement or modification of an agreement under this section shall be effective with respect to services performed after an effective date specified in such agreement or modification, but in no case prior to January 1, 1951, and in no case (other than in the case of an agreement or modification agreed to prior to January 1, 1953) prior to the first day of the calendar year in which such agreement or modification, as the case may be, is agreed to by the Administrator and the State.

“Termination of Agreement

“(g) (1) Upon giving at least two years' advance notice in writing to the Administrator, a State may terminate, effective at the end of a calendar quarter specified in the notice, its agreement with the Administrator either—

“(A) in its entirety, but only if the agreement has been in effect from its effective date for not less than five years prior to the receipt of such notice; or

“(B) with respect to any coverage group designated by the State, but only if the agreement has been in effect with respect to such coverage group for not less than five years prior to the receipt of such notice.

“(2) If the Administrator, after reasonable notice and opportunity for hearing to a State with whom he has entered into an agreement pursuant to this section, finds that the State has failed or is no longer legally able to comply substantially with any provision of such agreement or of this section, he shall notify such State that the agreement will be terminated in its entirety, or with respect to any one or more coverage groups designated by him, at such time, not later than two years from the date of such notice, as he deems appropriate, unless prior to such time he finds that there no longer is any such failure or that the cause for such legal inability has been removed.

“(3) If any agreement entered into under this section is terminated in its entirety, the Administrator and the State may not again enter into an agreement pursuant to this section. If any such agreement is terminated with respect to any coverage group, the Administrator and the State may not thereafter modify such agreement so as to again make the agreement applicable with respect to such coverage group.

“Deposits in Trust Fund; Adjustments

“(h) (1) All amounts received by the Secretary of the Treasury under an agreement made pursuant to this section shall be deposited in the Trust Fund.

“(2) If more or less than the correct amount due under an agreement made pursuant to this section is paid with respect to any payment of remuneration, proper adjustments with respect to the amounts due under such agreement shall be made, without interest, in such manner and at such times as may be prescribed by regulations of the Administrator.

“(3) If an overpayment cannot be adjusted under paragraph (2), the amount thereof and the time or times it is to be paid shall be certified by the Administrator to the Managing Trustee, and the Managing Trustee, through the Fiscal Service of the Treasury Department and prior to any action thereon by the General Accounting

Office, shall make payment in accordance with such certification. The Managing Trustee shall not be held personally liable for any payment or payments made in accordance with a certification by the Administrator.

“Regulations

“(i) Regulations of the Administrator to carry out the purposes of this section shall be designed to make the requirements imposed on States pursuant to this section the same, so far as practicable, as those imposed on employers pursuant to this title and subchapter A or E of chapter 9 of the Internal Revenue Code.

53 Stat. 175; 57 Stat. 126.
26 U. S. C. §§ 1400-1432, 1630-1632.
Post, pp. 524-547.

“Failure To Make Payments

“(j) In case any State does not make, at the time or times due, the payments provided for under an agreement pursuant to this section, there shall be added, as part of the amounts due, interest at the rate of 6 per centum per annum from the date due until paid, and the Administrator may, in his discretion, deduct such amounts plus interest from any amounts certified by him to the Secretary of the Treasury for payment to such State under any other provision of this Act. Amounts so deducted shall be deemed to have been paid to the State under such other provision of this Act. Amounts equal to the amounts deducted under this subsection are hereby appropriated to the Trust Fund.

“Instrumentalities of Two or More States

“(k) The Administrator may, at the request of any instrumentality of two or more States, enter into an agreement with such instrumentality for the purpose of extending the insurance system established by this title to services performed by individuals as employees of such instrumentality. Such agreement, to the extent practicable, shall be governed by the provisions of this section applicable in the case of an agreement with a State.

“Delegation of Functions

“(l) The Administrator is authorized, pursuant to agreement with the head of any Federal agency, to delegate any of his functions under this section to any officer or employee of such agency and otherwise to utilize the services and facilities of such agency in carrying out such functions, and payment therefor shall be in advance or by way of reimbursement, as may be provided in such agreement.”

PUERTO RICO

SEC. 107. Title II of the Social Security Act is amended by adding after section 218 (added by section 106 of this Act) the following:

Ante, p. 514.

“EFFECTIVE DATE IN CASE OF PUERTO RICO

“SEC. 219. If the Governor of Puerto Rico certifies to the President of the United States that the legislature of Puerto Rico has, by concurrent resolution, resolved that it desires the extension to Puerto Rico of the provisions of this title, the effective date referred to in sections 210 (h), 210 (i), 210 (j), 211 (a) (7), and 211 (b) shall be January 1 of the first calendar year which begins more than ninety days after the date on which the President receives such certification.”

Ante, pp. 500, 503.

RECORDS OF WAGES AND SELF-EMPLOYMENT INCOME

SEC. 108. (a) Subsection (b) of section 205 of the Social Security Act is amended by inserting "former wife divorced, husband, widower," after "widow,".

(b) Subsection (c) of section 205 of the Social Security Act is amended to read as follows:

"(c) (1) For the purposes of this subsection—

"(A) The term 'year' means a calendar year when used with respect to wages and a taxable year (as defined in section 211 (e)) when used with respect to self-employment income.

"(B) The term 'time limitation' means a period of three years, two months, and fifteen days.

"(C) The term 'survivor' means an individual's spouse, former wife divorced, child, or parent, who survives such individual.

"(2) On the basis of information obtained by or submitted to the Administrator, and after such verification thereof as he deems necessary, the Administrator shall establish and maintain records of the amounts of wages paid to, and the amounts of self-employment income derived by, each individual and of the periods in which such wages were paid and such income was derived and, upon request, shall inform any individual or his survivor, or the legal representative of such individual or his estate, of the amounts of wages and self-employment income of such individual and the periods during which such wages were paid and such income was derived, as shown by such records at the time of such request.

"(3) The Administrator's records shall be evidence for the purpose of proceedings before the Administrator or any court of the amounts of wages paid to, and self-employment income derived by, an individual and of the periods in which such wages were paid and such income was derived. The absence of an entry in such records as to wages alleged to have been paid to, or as to self-employment income alleged to have been derived by, an individual in any period shall be evidence that no such alleged wages were paid to, or that no such alleged income was derived by, such individual during such period.

"(4) Prior to the expiration of the time limitation following that any year the Administrator may, if it is brought to his attention that any entry of wages or self-employment income in his records for such year is erroneous or that any item of wages or self-employment income for such year has been omitted from such records, correct such entry or include such omitted item in his records, as the case may be. After the expiration of the time limitation following any year—

"(A) the Administrator's records (with changes, if any, made pursuant to paragraph (5)) of the amounts of wages paid to, and self-employment income derived by, an individual during any period in such year shall be conclusive for the purposes of this title;

"(B) the absence of an entry in the Administrator's records as to the wages alleged to have been paid by an employer to an individual during any period in such year shall be presumptive evidence for the purposes of this title that no such alleged wages were paid to such individual in such period; and

"(C) the absence of an entry in the Administrator's records as to the self-employment income alleged to have been derived by an individual in such year shall be conclusive for the purposes of this title that no such alleged self-employment income was derived by such individual in such year unless it is shown that he filed a tax return of his self-employment income for such year before the expiration of the time limitation following such year, in which

53 Stat. 1368.
42 U. S. C. § 405 (b).
Post, p. 523.
53 Stat. 1369.
42 U. S. C. § 405 (c).

Ante, p. 504.

Establishment and
maintenance of rec-
ords.

Evidence for pro-
ceedings.

Correction of entry,
etc.

case the Administrator shall include in his records the self-employment income of such individual for such year.

“(5) After the expiration of the time limitation following any year in which wages were paid or alleged to have been paid to, or self-employment income was derived or alleged to have been derived by, an individual, the Administrator may change or delete any entry with respect to wages or self-employment income in his records of such year for such individual or include in his records of such year for such individual any omitted item of wages or self-employment income but only—

Change of entry.

“(A) if an application for monthly benefits or for a lump-sum death payment was filed within the time limitation following such year; except that no such change, deletion, or inclusion may be made pursuant to this subparagraph after a final decision upon the application for monthly benefits or lump-sum death payment;

“(B) if within the time limitation following such year an individual or his survivor makes a request for a change or deletion, or for an inclusion of an omitted item, and alleges in writing that the Administrator's records of the wages paid to, or the self-employment income derived by, such individual in such year are in one or more respects erroneous; except that no such change, deletion, or inclusion may be made pursuant to this subparagraph after a final decision upon such request. Written notice of the Administrator's decision on any such request shall be given to the individual who made the request;

“(C) to correct errors apparent on the face of such records;

“(D) to transfer items to records of the Railroad Retirement Board if such items were credited under this title when they should have been credited under the Railroad Retirement Act, or to enter items transferred by the Railroad Retirement Board which have been credited under the Railroad Retirement Act when they should have been credited under this title;

58 Stat. 307.
45 U. S. C. §§ 228a-228e; Sup. III, § 228b et seq.

“(E) to delete or reduce the amount of any entry which is erroneous as a result of fraud;

“(F) to conform his records to tax returns or portions thereof (including information returns and other written statements) filed with the Commissioner of Internal Revenue under title VIII of the Social Security Act, under subchapter E of chapter 1 or subchapter A of chapter 9 of the Internal Revenue Code, or under regulations made under authority of such title or subchapter, and to information returns filed by a State pursuant to an agreement under section 218 or regulations of the Administrator thereunder; except that no amount of self-employment income of an individual for any taxable year (if such return or statement was filed after the expiration of the time limitation following the taxable year) shall be included in the Administrator's records pursuant to this subparagraph in excess of the amount which has been deleted pursuant to this subparagraph as payments erroneously included in such records as wages paid to such individual in such taxable year;

49 Stat. 636.
42 U. S. C. §§ 1001-1011.

Post, pp. 540, 546, 524-538.

Ante, p. 514.

“(G) to correct errors made in the allocation, to individuals or periods, of wages or self-employment income entered in the records of the Administrator;

“(H) to include wages paid during any period in such year to an individual by an employer if there is an absence of an entry in the Administrator's records of wages having been paid by such employer to such individual in such period; or

“(I) to enter items which constitute remuneration for employment under subsection (o), such entries to be in accordance with

60 Stat. 732.
45 U. S. C. § 228e
(k) (3).

Notice to individual.

certified reports of records made by the Railroad Retirement Board pursuant to section 5 (k) (3) of the Railroad Retirement Act of 1937.

"(6) Written notice of any deletion or reduction under paragraph (4) or (5) shall be given to the individual whose record is involved or to his survivor, except that (A) in the case of a deletion or reduction with respect to any entry of wages such notice shall be given to such individual only if he has previously been notified by the Administrator of the amount of his wages for the period involved, and (B) such notice shall be given to such survivor only if he or the individual whose record is involved has previously been notified by the Administrator of the amount of such individual's wages and self-employment income for the period involved.

Opportunity for hearing.

"(7) Upon request in writing (within such period, after any change or refusal of a request for a change of his records pursuant to this subsection, as the Administrator may prescribe), opportunity for hearing with respect to such change or refusal shall be afforded to any individual or his survivor. If a hearing is held pursuant to this paragraph the Administrator shall make findings of fact and a decision based upon the evidence adduced at such hearing and shall include any omitted items, or change or delete any entry, in his records as may be required by such findings and decision.

Review of decisions.

"(8) Decisions of the Administrator under this subsection shall be reviewable by commencing a civil action in the United States district court as provided in subsection (g)."

49 Stat. 624.
42 U. S. C. § 405.
Ante, pp. 488, 518;
post, p. 523.

(c) Section 205 of the Social Security Act is amended by adding at the end thereof the following subsections:

"Crediting of Compensation Under the Railroad Retirement Act

"(o) If there is no person who would be entitled, upon application therefor, to an annuity under section 5 of the Railroad Retirement Act of 1937, or to a lump-sum payment under subsection (f) (1) of such section, with respect to the death of an employee (as defined in such Act), then, notwithstanding section 210 (a) (10) of this Act, compensation (as defined in such Railroad Retirement Act, but excluding compensation attributable as having been paid during any month on account of military service creditable under section 4 of such Act if wages are deemed to have been paid to such employee during such month under section 217 (a) of this Act) of such employee shall constitute remuneration for employment for purposes of determining (A) entitlement to and the amount of any lump-sum death payment under this title on the basis of such employee's wages and self-employment income and (B) entitlement to and the amount of any monthly benefit under this title, for the month in which such employee died or for any month thereafter, on the basis of such wages and self-employment income. For such purposes, compensation (as so defined) paid in a calendar year shall, in the absence of evidence to the contrary, be presumed to have been paid in equal proportions with respect to all months in the year in which the employee rendered services for such compensation.

49 Stat. 970; 62 Stat. 577.
45 U. S. C. § 228e;
Sup. III, § 228c (f) (1)
et seq.
Ante, p. 497.

60 Stat. 729.
45 U. S. C. § 228d.

Ante, p. 512.

"Special Rules in Case of Federal Service

"(p) (1) With respect to service included as employment under section 210 which is performed in the employ of the United States or in the employ of any instrumentality which is wholly owned by the United States, the Administrator shall not make determinations as to whether an individual has performed such service, the periods of such service, the amounts of remuneration for such service which constitute

Ante, p. 494.

wages under the provisions of section 209, or the periods in which or for which such wages were paid, but shall accept the determinations with respect thereto of the head of the appropriate Federal agency or instrumentality, and of such agents as such head may designate, as evidenced by returns filed in accordance with the provisions of section 1420 (e) of the Internal Revenue Code and certifications made pursuant to this subsection. Such determinations shall be final and conclusive.

Ante, p. 492.

“(2) The head of any such agency or instrumentality is authorized and directed, upon written request of the Administrator, to make certification to him with respect to any matter determinable for the Administrator by such head or his agents under this subsection, which the Administrator finds necessary in administering this title.

Post, p. 524.

“(3) The provisions of paragraphs (1) and (2) shall be applicable in the case of service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Army and Air Force Exchange Service, Army and Air Force Motion Picture Service, Navy Exchanges, Marine Corps Exchanges, or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary of Defense, at installations of the Department of Defense for the comfort, pleasure, contentment, and mental and physical improvement of personnel of such Department; and for purposes of paragraphs (1) and (2) the Secretary of Defense shall be deemed to be the head of such instrumentality.”

(d) The amendments made by subsections (a) and (c) of this section shall take effect on September 1, 1950. The amendment made by subsection (b) of this section shall take effect January 1, 1951, except that, effective on September 1, 1950, the husband or former wife divorced of an individual shall be treated the same as a parent of such individual, and the legal representative of an individual or his estate shall be treated the same as the individual, for purposes of section 205 (c) of the Social Security Act as in effect prior to the enactment of this Act.

Effective dates.

Ante, p. 518.

MISCELLANEOUS AMENDMENTS

SEC. 109. (a) (1) The second sentence of section 201 (a) of the Social Security Act is amended by striking out “such amounts as may be appropriated to the Trust Fund” and inserting in lieu thereof “such amounts as may be appropriated to, or deposited in, the Trust Fund”.

49 Stat. 622.
42 U. S. C. § 401 (a).
Infra; *post*, p. 522.

(2) Section 201 (a) of the Social Security Act is amended by striking out the third sentence and by inserting in lieu thereof the following: “There is hereby appropriated to the Trust Fund for the fiscal year ending June 30, 1941, and for each fiscal year thereafter, out of any moneys in the Treasury not otherwise appropriated, amounts equivalent to 100 per centum of—

Supra.

“(1) the taxes (including interest, penalties, and additions to the taxes) received under subchapter A of chapter 9 of the Internal Revenue Code (and covered into the Treasury) which are deposited into the Treasury by collectors of internal revenue before January 1, 1951; and

53 Stat. 175.
26 U. S. C. §§ 1400-1432.
Post, p. 524-538.

“(2) the taxes certified each month by the Commissioner of Internal Revenue as taxes received under subchapter A of chapter 9 of such code which are deposited into the Treasury by collectors of internal revenue after December 31, 1950, and before January 1, 1953, with respect to assessments of such taxes made before January 1, 1951; and

“(3) the taxes imposed by subchapter A of chapter 9 of such code with respect to wages (as defined in section 1426 of such code) reported to the Commissioner of Internal Revenue pursuant

Post, pp. 525, 528, 532, 533, 536.

53 Stat. 176.
26 U. S. C. § 1420 (c).

Post, pp. 540, 946.

Post, pp. 541, 946.

to section 1420 (c) of such code after December 31, 1950, as determined by the Secretary of the Treasury by applying the applicable rates of tax under such subchapter to such wages, which wages shall be certified by the Federal Security Administrator on the basis of the records of wages established and maintained by such Administrator in accordance with such reports; and

“(4) the taxes imposed by subchapter E of chapter 1 of such code with respect to self-employment income (as defined in section 481 of such code) reported to the Commissioner of Internal Revenue on tax returns under such subchapter, as determined by the Secretary of the Treasury by applying the applicable rate of tax under such subchapter to such self-employment income, which self-employment income shall be certified by the Federal Security Administrator on the basis of the records of self-employment income established and maintained by the Administrator in accordance with such returns.

The amounts appropriated by clauses (3) and (4) shall be transferred from time to time from the general fund in the Treasury to the Trust Fund on the basis of estimates by the Secretary of the Treasury of the taxes, referred to in clauses (3) and (4), paid to or deposited into the Treasury; and proper adjustments shall be made in amounts subsequently transferred to the extent prior estimates were in excess of or were less than the amounts of the taxes referred to in such clauses.”

Ante, p. 521.

(3) Section 201 (a) of the Social Security Act is amended by striking out the following: “There is also authorized to be appropriated to the Trust Fund such additional sums as may be required to finance the benefits and payments provided under this title.”

49 Stat. 622; 53 Stat. 1362.
42 U. S. C. § 401 (b).

(4) Section 201 (b) of such Act is amended by striking out “Chairman of the Social Security Board” and inserting in lieu thereof “Federal Security Administrator”.

(5) Section 201 (b) of such Act is amended by adding after the second sentence thereof the following new sentence: “The Commissioner for Social Security shall serve as Secretary of the Board of Trustees.”

(6) Paragraph (2) of section 201 (b) of such Act is amended by striking out “on the first day of each regular session of the Congress” and inserting in lieu thereof “not later than the first day of March of each year”.

(7) Section 201 (b) of such Act is amended by striking out the period at the end of paragraph (3) and inserting in lieu thereof “; and”, and by adding the following new paragraph:

“(4) Recommend improvements in administrative procedures and policies designed to effectuate the proper coordination of the old-age and survivors insurance and Federal-State unemployment compensation programs.”

(8) Section 201 (b) of such Act is amended by adding at the end thereof the following: “Such report shall be printed as a House document of the session of the Congress to which the report is made.”

53 Stat. 1363.
42 U. S. C. § 401 (f).

(9) Section 201 (f) of such Act is amended to read as follows:

“(f) (1) The Managing Trustee is directed to pay from the Trust Fund into the Treasury the amount estimated by him and the Federal Security Administrator which will be expended during a three-month period by the Federal Security Agency and the Treasury Department for the administration of titles II and VIII of this Act and subchapter E of chapter 1 and subchapter A of chapter 9 of the Internal Revenue Code. Such payments shall be covered into the Treasury as repayments to the account for reimbursement of expenses incurred in connection with the administration of titles II and VIII of this

49 Stat. 622, 636; 53 Stat. 175.
42 U. S. C. §§ 401-410, 1001-1011; Sup. III, § 409; 26 U. S. C. §§ 1400-1432; Sup. III, § 1400 *et seq.*
Ante, pp. 482, 488, 489, 492, 512, 518, 521;
supra; *post*, pp. 523-540.

Act and subchapter E of chapter 1 and subchapter A of chapter 9 of the Internal Revenue Code.

"(2) The Managing Trustee is directed to pay from time to time from the Trust Fund into the Treasury the amount estimated by him as taxes which are subject to refund under section 1401 (d) of the Internal Revenue Code with respect to wages (as defined in section 1426 of such code) paid after December 31, 1950. Such taxes shall be determined on the basis of the records of wages established and maintained by the Federal Security Administrator in accordance with the wages reported to the Commissioner of Internal Revenue pursuant to section 1420 (c) of such code, and the Administrator shall furnish the Managing Trustee such information as may be required by the Trustee for such purpose. The payments by the Managing Trustee shall be covered into the Treasury as repayments to the account for refunding internal revenue collections.

Post, p. 527.

Post, p. 525.

53 Stat. 176.
26 U. S. C. § 1420 (c).

"(3) Repayments made under paragraph (1) or (2) shall not be available for expenditures but shall be carried to the surplus fund of the Treasury. If it subsequently appears that the estimates under either such paragraph in any particular period were too high or too low, appropriate adjustments shall be made by the Managing Trustee in future payments."

(b) (1) Sections 204, 205 (other than subsections (c) and (1)), and 206 of such Act are amended by striking out "Board" wherever appearing therein and inserting in lieu thereof "Administrator"; by striking out "Board's" wherever appearing therein and inserting in lieu thereof "Administrator's"; and by striking out (where they refer to the Social Security Board) "it" and "its" and inserting in lieu thereof "he", "him", or "his", as the context may require.

49 Stat. 624; 53 Stat. 1369, 1371.
42 U. S. C. §§ 404, 405, 406.
Ante, pp. 488, 518; *infra*.

(2) Section 205 (1) of such Act is amended to read as follows:

53 Stat. 1371.
42 U. S. C. § 405 (1).

"(1) The Administrator is authorized to delegate to any member, officer, or employee of the Federal Security Agency designated by him any of the powers conferred upon him by this section, and is authorized to be represented by his own attorneys in any court in any case or proceeding arising under the provisions of subsection (e)."

Supra.

(c) Section 208 of such Act is amended by striking out the words "the Federal Insurance Contributions Act" and inserting in lieu thereof the following: "subchapter E of chapter 1 or subchapter A or E of chapter 9 of the Internal Revenue Code".

49 Stat. 625.
42 U. S. C. § 408.

SERVICES FOR COOPERATIVES PRIOR TO 1951

SEC. 110. In any case in which—

(1) an individual has been employed at any time prior to 1951 by organizations enumerated in the first sentence of section 101 (12) of the Internal Revenue Code,

53 Stat. 33.
26 U. S. C. § 101 (12).

(2) the service performed by such individual during the time he was so employed constituted agricultural labor as defined in section 209 (1) of the Social Security Act and section 1426 (h) of the Internal Revenue Code, as in effect prior to the enactment of this Act, and such service would, but for the provisions of such sections, have constituted employment for the purposes of title II of the Social Security Act and subchapter A of chapter 9 of such Code,

49 Stat. 625.
42 U. S. C. § 409 (1).
Ante, p. 492; *post*, p. 532.

(3) the taxes imposed by sections 1400 and 1410 of the Internal Revenue Code have been paid with respect to any part of the remuneration paid to such individual by such organization for such service and the payment of such taxes by such organization has been made in good faith upon the assumption that such service did not constitute agricultural labor as so defined, and

49 Stat. 622; 53 Stat. 175.
42 U. S. C. §§ 401-410; Sup. III, § 409; 26 U. S. C. §§ 1400-1432; Sup. III, § 1400 *et seq.*
Ante, pp. 482-522; *supra*; *post*, pp. 524-538.
Post, p. 524.

(4) no refund of such taxes has been obtained,

Ante, p. 492.

Ante, p. 489.

49 Stat. 622.
42 U. S. C. §§ 401-
410; Sup. III, § 409.
Ante, pp. 482, 488,
489, 492, 512, 518, 521,
522, 523.

the amount of such remuneration with respect to which such taxes have been paid shall be deemed to constitute remuneration for employment as defined in section 209 (b) of the Social Security Act as in effect prior to the enactment of this Act (but it shall not constitute wages for purposes of deductions under section 203 of such Act for months for which benefits under title II of such Act have been certified and paid prior to the enactment of this Act).

TITLE II—AMENDMENTS TO INTERNAL REVENUE CODE

RATE OF TAX ON WAGES

53 Stat. 175.
26 U. S. C. Sup. III,
§ 1400 (2), (3).

SEC. 201. (a) Clauses (2) and (3) of section 1400 of the Internal Revenue Code are amended to read as follows:

“(2) With respect to wages received during the calendar years 1950 to 1953, both inclusive, the rate shall be $1\frac{1}{2}$ per centum.

“(3) With respect to wages received during the calendar years 1954 to 1959, both inclusive, the rate shall be 2 per centum.

“(4) With respect to wages received during the calendar years 1960 to 1964, both inclusive, the rate shall be $2\frac{1}{2}$ per centum.

“(5) With respect to wages received during the calendar years 1965 to 1969, both inclusive, the rate shall be 3 per centum.

“(6) With respect to wages received after December 31, 1969, the rate shall be $3\frac{1}{4}$ per centum.”

53 Stat. 175.
26 U. S. C. Sup. III,
§ 1410 (2), (3).

(b) Clauses (2) and (3) of section 1410 of the Internal Revenue Code are amended to read as follows:

“(2) With respect to wages paid during the calendar years 1950 to 1953, both inclusive, the rate shall be $1\frac{1}{2}$ per centum.

“(3) With respect to wages paid during the calendar years 1954 to 1959, both inclusive, the rate shall be 2 per centum.

“(4) With respect to wages paid during the calendar years 1960 to 1964, both inclusive, the rate shall be $2\frac{1}{2}$ per centum.

“(5) With respect to wages paid during the calendar years 1965 to 1969, both inclusive, the rate shall be 3 per centum.

“(6) With respect to wages paid after December 31, 1969, the rate shall be $3\frac{1}{4}$ per centum.”

FEDERAL SERVICE

53 Stat. 175.
26 U. S. C. §§ 1410,
1411; Sup. III, § 1410.
Supra.

SEC. 202. (a) Part II of subchapter A of chapter 9 of the Internal Revenue Code is amended by adding after section 1411 the following new section:

“SEC. 1412. INSTRUMENTALITIES OF THE UNITED STATES.

“Notwithstanding any other provision of law (whether enacted before or after the enactment of this section) which grants to any instrumentality of the United States an exemption from taxation, such instrumentality shall not be exempt from the tax imposed by section 1410 unless such other provision of law grants a specific exemption, by reference to section 1410, from the tax imposed by such section.”

(b) Section 1420 of the Internal Revenue Code is amended by adding at the end thereof the following new subsection:

“(e) **FEDERAL SERVICE.**—In the case of the taxes imposed by this subchapter with respect to service performed in the employ of the United States or in the employ of any instrumentality which is wholly owned by the United States, the determination whether an individual has performed service which constitutes employment as defined in section 1426, the determination of the amount of remuneration for such service which constitutes wages as defined in such section, and the return and payment of the taxes imposed by this subchapter, shall be

Supra.

53 Stat. 175.
26 U. S. C. § 1420.

made by the head of the Federal agency or instrumentality having the control of such service, or by such agents as such head may designate. The person making such return may, for convenience of administration, make payments of the tax imposed under section 1410 with respect to such service without regard to the \$3,600 limitation in section 1426 (a) (1), and he shall not be required to obtain a refund of the tax paid under section 1410 on that part of the remuneration not included in wages by reason of section 1426 (a) (1). The provisions of this subsection shall be applicable in the case of service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Army and Air Force Exchange Service, Army and Air Force Motion Picture Service, Navy Exchanges, Marine Corps Exchanges, or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary of Defense, at installations of the Department of Defense for the comfort, pleasure, contentment, and mental and physical improvement of personnel of such Department: and for purposes of this subsection the Secretary of Defense shall be deemed to be the head of such instrumentality."

Ante, p. 524.*Infra*.

(c) Section 1411 of the Internal Revenue Code is amended by adding at the end thereof the following new sentence: "For the purposes of this section, in the case of remuneration received from the United States or a wholly owned instrumentality thereof during any calendar year after the calendar year 1950, each head of a Federal agency or instrumentality who makes a return pursuant to section 1420 (e) and each agent, designated by the head of a Federal agency or instrumentality, who makes a return pursuant to such section shall be deemed a separate employer."

53 Stat. 176.
26 U. S. C. § 1411.*Ante*, p. 524.

(d) The amendments made by this section shall be applicable only with respect to remuneration paid after 1950.

DEFINITION OF WAGES

SEC. 203. (a) Section 1426 (a) of the Internal Revenue Code is amended to read as follows:

53 Stat. 177.
26 U. S. C. § 1426 (a).

"(a) **WAGES.**—The term 'wages' means all remuneration for employment, including the cash value of all remuneration paid in any medium other than cash; except that such term shall not include—

"(1) That part of the remuneration which, after remuneration (other than remuneration referred to in the succeeding paragraphs of this subsection) equal to \$3,600 with respect to employment has been paid to an individual by an employer during any calendar year, is paid to such individual by such employer during such calendar year. If an employer (hereinafter referred to as successor employer) during any calendar year acquires substantially all the property used in a trade or business of another employer (hereinafter referred to as a predecessor), or used in a separate unit of a trade or business of a predecessor, and immediately after the acquisition employs in his trade or business an individual who immediately prior to the acquisition was employed in the trade or business of such predecessor, then, for the purpose of determining whether the successor employer has paid remuneration (other than remuneration referred to in the succeeding paragraphs of this subsection) with respect to employment equal to \$3,600 to such individual during such calendar year, any remuneration (other than remuneration referred to in the succeeding paragraphs of this subsection) with respect to employment paid (or considered under this paragraph as having been paid) to such individual by such predecessor during such calendar year

Remuneration equal
to \$3,600.

Payment on account of retirement, death, etc.

and prior to such acquisition shall be considered as having been paid by such successor employer;

“(2) The amount of any payment (including any amount paid by an employer for insurance or annuities, or into a fund, to provide for any such payment) made to, or on behalf of, an employee or any of his dependents under a plan or system established by an employer which makes provision for his employees generally (or for his employees generally and their dependents) or for a class or classes of his employees (or for a class or classes of his employees and their dependents), on account of (A) retirement, or (B) sickness or accident disability, or (C) medical or hospitalization expenses in connection with sickness or accident disability, or (D) death;

“(3) Any payment made to an employee (including any amount paid by an employer for insurance or annuities, or into a fund, to provide for any such payment) on account of retirement;

“(4) Any payment on account of sickness or accident disability, or medical or hospitalization expenses in connection with sickness or accident disability, made by an employer to, or on behalf of, an employee after the expiration of six calendar months following the last calendar month in which the employee worked for such employer;

“(5) Any payment made to, or on behalf of, an employee or his beneficiary (A) from or to a trust exempt from tax under section 165 (a) at the time of such payment unless such payment is made to an employee of the trust as remuneration for services rendered as such employee and not as a beneficiary of the trust, or (B) under or to an annuity plan which, at the time of such payment, meets the requirements of section 165 (a) (3), (4), (5), and (6);

“(6) The payment by an employer (without deduction from the remuneration of the employee) (A) of the tax imposed upon an employee under section 1400, or (B) of any payment required from an employee under a State unemployment compensation law;

“(7) (A) Remuneration paid in any medium other than cash to an employee for service not in the course of the employer's trade or business or for domestic service in a private home of the employer;

“(B) Cash remuneration paid by an employer in any calendar quarter to an employee for domestic service in a private home of the employer, if the cash remuneration paid in the quarter for such service is less than \$50 or the employee is not regularly employed by the employer in such quarter of payment. For the purposes of this subparagraph, an employee shall be deemed to be regularly employed by an employer during a calendar quarter only if (i) on each of some twenty-four days during the quarter the employee performs for the employer for some portion of the day domestic service in a private home of the employer, or (ii) the employee was regularly employed (as determined under clause (i)) by the employer in the performance of such service during the preceding calendar quarter. As used in this subparagraph, the term ‘domestic service in a private home of the employer’ does not include service described in subsection (h) (5);

“(8) Remuneration paid in any medium other than cash for agricultural labor;

“(9) Any payment (other than vacation or sick pay) made to an employee after the month in which he attains the age of sixty-

53 Stat. 876.
26 U. S. C. § 165 (a).

56 Stat. 862, 863.
26 U. S. C. § 165 (a)
(3)-(6).

Ante, p. 524.

Payment other than cash.

Domestic service in private home of employer.

Payment other than cash for agricultural labor.

five, if he did not work for the employer in the period for which such payment is made; or

“(10) Remuneration paid by an employer in any calendar quarter to an employee for service described in subsection (d) (3) (C) (relating to home workers), if the cash remuneration paid in such quarter by the employer to the employee for such service is less than \$50.”

Post, p. 536.

(b) So much of section 1401 (d) (2) of the Internal Revenue Code as precedes the second sentence thereof is amended to read as follows:

60 Stat. 990.
26 U. S. C. § 1401 (d)
(2).

“(2) WAGES RECEIVED DURING 1947, 1948, 1949, AND 1950.—If by reason of an employee receiving wages from more than one employer during the calendar year 1947, 1948, 1949, or 1950, the wages received by him during such year exceed \$3,000, the employee shall be entitled to a refund of any amount of tax, with respect to such wages, imposed by section 1400 and deducted from the employee's wages (whether or not paid to the collector), which exceeds the tax with respect to the first \$3,000 of such wages received.”

Ante, p. 524.

(c) Section 1401 (d) of the Internal Revenue Code is amended by adding at the end thereof the following new paragraphs:

Supra.

“(3) WAGES RECEIVED AFTER 1950.—If by reason of an employee receiving wages from more than one employer during any calendar year after the calendar year 1950, the wages received by him during such year exceed \$3,600, the employee shall be entitled to a refund of any amount of tax, with respect to such wages, imposed by section 1400 and deducted from the employee's wages (whether or not paid to the collector), which exceeds the tax with respect to the first \$3,600 of such wages received. Refund under this section may be made in accordance with the provisions of law applicable in the case of erroneous or illegal collection of the tax; except that no such refund shall be made unless (A) the employee makes a claim, establishing his right thereto, after the calendar year in which the wages were received with respect to which refund of tax is claimed, and (B) such claim is made within two years after the calendar year in which such wages were received. No interest shall be allowed or paid with respect to any such refund.

Ante, p. 524.

“(4) SPECIAL RULES IN THE CASE OF FEDERAL AND STATE EMPLOYEES.—

“(A) Federal Employees.—In the case of remuneration received from the United States or a wholly owned instrumentality thereof during any calendar year after the calendar year 1950, each head of a Federal agency or instrumentality who makes a return pursuant to section 1420 (e) and each agent, designated by the head of a Federal agency or instrumentality, who makes a return pursuant to such section shall, for the purposes of subsection (c) and paragraph (3) of this subsection, be deemed a separate employer; and the term ‘wages’ includes, for the purposes of paragraph (3) of this subsection, the amount, not to exceed \$3,600, determined by each such head or agent as constituting wages paid to an employee.

Ante, p. 524.

“(B) State Employees.—For the purposes of paragraph (3) of this subsection, in the case of remuneration received during any calendar year after the calendar year 1950, the term ‘wages’ includes such remuneration for services covered by an agreement made pursuant to section 218 of the Social Security Act as would be wages if such services constituted employment; the term ‘employer’ includes a State or any

Ante, p. 514.

Ante, p. 524.

Ante, p. 514.

Ante, p. 525; *infra*;
post, pp. 532, 533, 536.

political subdivision thereof, or any instrumentality of any one or more of the foregoing; the term 'tax' or 'tax imposed by section 1400' includes, in the case of services covered by an agreement made pursuant to section 218 of the Social Security Act, an amount equivalent to the tax which would be imposed by section 1400, if such services constituted employment as defined in section 1426; and the provisions of paragraph (3) of this subsection shall apply whether or not any amount deducted from the employee's remuneration as a result of an agreement made pursuant to section 218 of the Social Security Act has been paid to the Secretary of the Treasury."

(d) The amendment made by subsection (a) of this section shall be applicable only with respect to remuneration paid after 1950. In the case of remuneration paid prior to 1951, the determination under section 1426 (a) (1) of the Internal Revenue Code (prior to its amendment by this Act) of whether or not such remuneration constituted wages shall be made as if subsection (a) of this section had not been enacted and without inferences drawn from the fact that the amendment made by subsection (a) is not made applicable to periods prior to 1951.

53 Stat. 1383.
26 U. S. C. § 1426 (a)
(1).

DEFINITION OF EMPLOYMENT

53 Stat. 178.
26 U. S. C. § 1426 (b);
Sup. III, § 1426 (b).

SEC. 204. (a) Effective January 1, 1951, section 1426 (b) of the Internal Revenue Code is amended to read as follows:

"(b) **EMPLOYMENT.**—The term 'employment' means any service performed after 1936 and prior to 1951 which was employment for the purposes of this subchapter under the law applicable to the period in which such service was performed, and any service, of whatever nature, performed after 1950 either (A) by an employee for the person employing him, irrespective of the citizenship or residence of either, (i) within the United States, or (ii) on or in connection with an American vessel or American aircraft under a contract of service which is entered into within the United States or during the performance of which and while the employee is employed on the vessel or aircraft it touches at a port in the United States, if the employee is employed on and in connection with such vessel or aircraft when outside the United States, or (B) outside the United States by a citizen of the United States as an employee for an American employer (as defined in subsection (i) of this section); except that, in the case of service performed after 1950, such term shall not include—

Post, p. 533.

Post, p. 532.

"(1) (A) Agricultural labor (as defined in subsection (h) of this section) performed in any calendar quarter by an employee, unless the cash remuneration paid for such labor (other than service described in subparagraph (B)) is \$50 or more and such labor is performed for an employer by an individual who is regularly employed by such employer to perform such agricultural labor. For the purposes of this subparagraph, an individual shall be deemed to be regularly employed by an employer during a calendar quarter only if—

"(i) such individual performs agricultural labor (other than service described in subparagraph (B)) for such employer on a full-time basis on sixty days during such quarter, and

"(ii) the quarter was immediately preceded by a qualifying quarter.

"Qualifying quarter."

For the purposes of the preceding sentence, the term 'qualifying quarter' means (I) any quarter during all of which such individual was continuously employed by such employer, or (II) any subsequent quarter which meets the test of clause (i) if, after

the last quarter during all of which such individual was continuously employed by such employer, each intervening quarter met the test of clause (i). Notwithstanding the preceding provisions of this subparagraph, an individual shall also be deemed to be regularly employed by an employer during a calendar quarter if such individual was regularly employed (upon application of clauses (i) and (ii)) by such employer during the preceding calendar quarter.

“(B) Service performed in connection with the production or harvesting of any commodity defined as an agricultural commodity in section 15 (g) of the Agricultural Marketing Act, as amended, or in connection with the ginning of cotton;

46 Stat. 1550.
12 U. S. C. § 1141j (g).

“(2) Domestic service performed in a local college club, or local chapter of a college fraternity or sorority, by a student who is enrolled and is regularly attending classes at a school, college, or university;

“(3) Service not in the course of the employer's trade or business performed in any calendar quarter by an employee, unless the cash remuneration paid for such service is \$50 or more and such service is performed by an individual who is regularly employed by such employer to perform such service. For the purposes of this paragraph, an individual shall be deemed to be regularly employed by an employer during a calendar quarter only if (A) on each of some twenty-four days during such quarter such individual performs for such employer for some portion of the day service not in the course of the employer's trade or business, or (B) such individual was regularly employed (as determined under clause (A)) by such employer in the performance of such service during the preceding calendar quarter. As used in this paragraph, the term ‘service not in the course of the employer's trade or business’ does not include domestic service in a private home of the employer and does not include service described in subsection (h) (5);

Service not in employer's business.

“(4) Service performed by an individual in the employ of his son, daughter, or spouse, and service performed by a child under the age of twenty-one in the employ of his father or mother;

Post, p. 533.

“(5) Service performed by an individual on or in connection with a vessel not an American vessel, or on or in connection with an aircraft not an American aircraft, if the individual is employed on and in connection with such vessel or aircraft when outside the United States;

Service on non-American vessel or aircraft.

“(6) Service performed in the employ of any instrumentality of the United States, if such instrumentality is exempt from the tax imposed by section 1410 by virtue of any provision of law which specifically refers to such section in granting such exemption;

Service in instrumentality of U. S.

Ante, p. 524.

“(7) (A) Service performed in the employ of the United States or in the employ of any instrumentality of the United States, if such service is covered by a retirement system established by a law of the United States;

Service in employ of U. S.

“(B) Service performed in the employ of an instrumentality of the United States if such an instrumentality was exempt from the tax imposed by section 1410 on December 31, 1950, except that the provisions of this subparagraph shall not be applicable to—

Ante, p. 524.

“(i) service performed in the employ of a corporation which is wholly owned by the United States;

“(ii) service performed in the employ of a national farm loan association, a production credit association, a Federal Reserve Bank, or a Federal Credit Union;

“(iii) service performed in the employ of a State, county, or community committee under the Production and Marketing Administration; or

“(iv) service performed by a civilian employee, not compensated from funds appropriated by the Congress, in the Army and Air Force Exchange Service, Army and Air Force Motion Picture Service, Navy Exchanges, Marine Corps Exchanges, or other activities, conducted by an instrumentality of the United States subject to the jurisdiction of the Secretary of Defense, at installations of the Department of Defense for the comfort, pleasure, contentment, and mental and physical improvement of personnel of such Department;

“(C) Service performed in the employ of the United States or in the employ of any instrumentality of the United States, if such service is performed—

“(i) as the President or Vice President of the United States or as a Member, Delegate, or Resident Commissioner, of or to the Congress;

“(ii) in the legislative branch;

“(iii) in the field service of the Post Office Department unless performed by any individual as an employee who is excluded by Executive order from the operation of the Civil Service Retirement Act of 1930 because he is serving under a temporary appointment pending final determination of eligibility for permanent or indefinite appointment;

“(iv) in or under the Bureau of the Census of the Department of Commerce by temporary employees employed for the taking of any census;

“(v) by any individual as an employee who is excluded by Executive order from the operation of the Civil Service Retirement Act of 1930 because he is paid on a contract or fee basis;

“(vi) by any individual as an employee receiving nominal compensation of \$12 or less per annum;

“(vii) in a hospital, home, or other institution of the United States by a patient or inmate thereof;

“(viii) by any individual as a consular agent appointed under authority of section 551 of the Foreign Service Act of 1946 (22 U. S. C., sec. 951);

“(ix) by any individual as an employee included under section 2 of the Act of August 4, 1947 (relating to certain interns, student nurses, and other student employees of hospitals of the Federal Government; 5 U. S. C., sec. 1052);

“(x) by any individual as an employee serving on a temporary basis in case of fire, storm, earthquake, flood, or other similar emergency;

“(xi) by any individual as an employee who is employed under a Federal relief program to relieve him from unemployment;

“(xii) as a member of a State, county, or community committee under the Production and Marketing Administration or of any other board, council, committee, or other similar body, unless such board, council, committee, or other body is composed exclusively of individuals otherwise in the full-time employ of the United States; or

“(xiii) by an individual to whom the Civil Service Retirement Act of 1930 does not apply because such individual is subject to another retirement system;

46 Stat. 468.
5 U. S. C. § 691 note;
Sup. III, § 691 *et seq.*
Anie., pp. 214, 215,
320; *post*, pp. 843, 1120.

Supra.

60 Stat. 1011.

61 Stat. 727.
5 U. S. C., Sup. III,
§ 1052.

Supra.

"(8) Service (other than service which, under subsection (k), constitutes covered transportation service) performed in the employ of a State, or any political subdivision thereof, or any instrumentality of any one or more of the foregoing which is wholly owned by one or more States or political subdivisions;

Post, p. 533.

"(9) (A) Service performed by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order;

"(B) Service performed in the employ of a religious, charitable, educational, or other organization exempt from income tax under section 101 (6), but this subparagraph shall not apply to service performed during the period for which a certificate, filed pursuant to subsection (I), is in effect if such service is performed by an employee (i) whose signature appears on the list filed by such organization under subsection (I), or (ii) who became an employee of such organization after the calendar quarter in which the certificate was filed;

Post, p. 959.

Post, p. 535.

"(10) Service performed by an individual as an employee or employee representative as defined in section 1532;

53 Stat. 181,
26 U. S. C. § 1532.

"(11) (A) Service performed in any calendar quarter in the employ of any organization exempt from income tax under section 101, if the remuneration for such service is less than \$50;

Post, p. 953.

"(B) Service performed in the employ of a school, college, or university if such service is performed by a student who is enrolled and is regularly attending classes at such school, college, or university;

"(12) Service performed in the employ of a foreign government (including service as a consular or other officer or employee or a nondiplomatic representative);

Service in employ of
foreign government.

"(13) Service performed in the employ of an instrumentality wholly owned by a foreign government—

"(A) If the service is of a character similar to that performed in foreign countries by employees of the United States Government or of an instrumentality thereof; and

"(B) If the Secretary of State shall certify to the Secretary of the Treasury that the foreign government, with respect to whose instrumentality and employees thereof exemption is claimed, grants an equivalent exemption with respect to similar service performed in the foreign country by employees of the United States Government and of instrumentalities thereof;

"(14) Service performed as a student nurse in the employ of a hospital or a nurses' training school by an individual who is enrolled and is regularly attending classes in a nurses' training school chartered or approved pursuant to State law; and service performed as an interne in the employ of a hospital by an individual who has completed a four years' course in a medical school chartered or approved pursuant to State law;

Student nurse.

"(15) Service performed by an individual in (or as an officer or member of the crew of a vessel while it is engaged in) the catching, taking, harvesting, cultivating, or farming of any kind of fish, shellfish, crustacea, sponges, seaweeds, or other aquatic forms of animal and vegetable life (including service performed by any such individual as an ordinary incident to any such activity), except (A) service performed in connection with the catching or taking of salmon or halibut, for commercial purposes, and (B) service performed on or in connection with a vessel of more than ten net tons (determined in the manner provided for determining

Service performed
in catching aquatic
life, etc.

Newspaper distribution, etc.

the register tonnage of merchant vessels under the laws of the United States);

“(16) (A) Service performed by an individual under the age of eighteen in the delivery or distribution of newspapers or shopping news, not including delivery or distribution to any point for subsequent delivery or distribution;

“(B) Service performed by an individual in, and at the time of, the sale of newspapers or magazines to ultimate consumers, under an arrangement under which the newspapers or magazines are to be sold by him at a fixed price, his compensation being based on the retention of the excess of such price over the amount at which the newspapers or magazines are charged to him, whether or not he is guaranteed a minimum amount of compensation for such service, or is entitled to be credited with the unsold newspapers or magazines turned back; or

Services in international organization.

“(17) Service performed in the employ of an international organization.”

53 Stat. 178.

26 U. S. C. § 1426 (e).

(b) Effective January 1, 1951, section 1426 (e) of the Internal Revenue Code is amended to read as follows:

“(e) STATE, ETC.—

Post, p. 543.

“(1) The term ‘State’ includes Alaska, Hawaii, the District of Columbia, and the Virgin Islands; and on and after the effective date specified in section 3810 such term includes Puerto Rico.

Post, p. 543.

“(2) UNITED STATES.—The term ‘United States’ when used in a geographical sense includes the Virgin Islands; and on and after the effective date specified in section 3810 such term includes Puerto Rico.

Post, p. 543.

“(3) CITIZEN.—An individual who is a citizen of Puerto Rico (but not otherwise a citizen of the United States) and who is not a resident of the United States shall not be considered, for the purposes of this section, as a citizen of the United States prior to the effective date specified in section 3810.”

53 Stat. 1386.

26 U. S. C. § 1426 (g).

(c) Section 1426 (g) of the Internal Revenue Code is amended by striking out “(g) AMERICAN VESSEL.—” and inserting in lieu thereof “(g) AMERICAN VESSEL AND AIRCRAFT.—”, and by striking out the period at the end of such subsection and inserting in lieu thereof the following: “; and the term ‘American aircraft’ means an aircraft registered under the laws of the United States.”

53 Stat. 1386.

26 U. S. C. § 1426 (h).

(d) Section 1426 (h) of the Internal Revenue Code is amended to read as follows:

“(h) AGRICULTURAL LABOR.—The term ‘agricultural labor’ includes all service performed—

“(1) On a farm, in the employ of any person, in connection with cultivating the soil, or in connection with raising or harvesting any agricultural or horticultural commodity, including the raising, shearing, feeding, caring for, training, and management of livestock, bees, poultry, and fur-bearing animals and wildlife.

“(2) In the employ of the owner or tenant or other operator of a farm, in connection with the operation, management, conservation, improvement, or maintenance of such farm and its tools and equipment, or in salvaging timber or clearing land of brush and other debris left by a hurricane, if the major part of such service is performed on a farm.

“(3) In connection with the production or harvesting of any commodity defined as an agricultural commodity in section 15 (g) of the Agricultural Marketing Act, as amended, or in connection with the ginning of cotton, or in connection with the operation or maintenance of ditches, canals, reservoirs, or waterways, not

46 Stat. 1550.

12 U. S. C. § 1141j (g).

owned or operated for profit, used exclusively for supplying and storing water for farming purposes.

“(4) (A) In the employ of the operator of a farm in handling, planting, drying, packing, packaging, processing, freezing, grading, storing, or delivering to storage or to market or to a carrier for transportation to market, in its unmanufactured state, any agricultural or horticultural commodity; but only if such operator produced more than one-half of the commodity with respect to which such service is performed.

“(B) In the employ of a group of operators of farms (other than a cooperative organization) in the performance of service described in subparagraph (A), but only if such operators produced all of the commodity with respect to which such service is performed. For the purposes of this subparagraph, any unincorporated group of operators shall be deemed a cooperative organization if the number of operators comprising such group is more than twenty at any time during the calendar quarter in which such service is performed.

“(C) The provisions of subparagraphs (A) and (B) shall not be deemed to be applicable with respect to service performed in connection with commercial canning or commercial freezing or in connection with any agricultural or horticultural commodity after its delivery to a terminal market for distribution for consumption.

“(5) On a farm operated for profit if such service is not in the course of the employer's trade or business or is domestic service in a private home of the employer.

“As used in this section, the term ‘farm’ includes stock, dairy, poultry, fruit, fur-bearing animal, and truck farms, plantations, ranches, nurseries, ranges, greenhouses or other similar structures used primarily for the raising of agricultural or horticultural commodities, and orchards.”

“Farm.”

(e) Section 1426 of the Internal Revenue Code is amended by striking out subsections (i) and (j) and inserting in lieu thereof the following:

57 Stat. 46; 59 Stat.
548.
26 U. S. C. § 1426 (i)
(j).

“(i) **AMERICAN EMPLOYER.**—The term ‘American employer’ means an employer which is (1) the United States or any instrumentality thereof, (2) an individual who is a resident of the United States, (3) a partnership, if two-thirds or more of the partners are residents of the United States, (4) a trust, if all of the trustees are residents of the United States, or (5) a corporation organized under the laws of the United States or of any State.

“(j) **COMPUTATION OF WAGES IN CERTAIN CASES.**—For purposes of this subchapter, in the case of domestic service described in subsection (a) (7) (B), any payment of cash remuneration for such service which is more or less than a whole-dollar amount shall, under such conditions and to such extent as may be prescribed by regulations made under this subchapter, be computed to the nearest dollar. For the purpose of the computation to the nearest dollar, the payment of a fractional part of a dollar shall be disregarded unless it amounts to one-half dollar or more, in which case it shall be increased to \$1. The amount of any payment of cash remuneration so computed to the nearest dollar shall, in lieu of the amount actually paid, be deemed to constitute the amount of cash remuneration for purposes of subsection (a) (7) (B).

Ante, p. 526.

“(k) **COVERED TRANSPORTATION SERVICE.**—

“(1) **Existing transportation systems—General rule.**—Except as provided in paragraph (2), all service performed in the employ of a State or political subdivision in connection with its operation

of a public transportation system shall constitute covered transportation service if any part of the transportation system was acquired from private ownership after 1936 and prior to 1951.

“(2) Existing transportation systems—Cases in which no transportation employees, or only certain employees, are covered.—Service performed in the employ of a State or political subdivision in connection with the operation of its public transportation system shall not constitute covered transportation service if—

“(A) any part of the transportation system was acquired from private ownership after 1936 and prior to 1951, and substantially all service in connection with the operation of the transportation system is, on December 31, 1950, covered under a general retirement system providing benefits which, by reason of a provision of the State constitution dealing specifically with retirement systems of the State or political subdivisions thereof, cannot be diminished or impaired; or

“(B) no part of the transportation system operated by the State or political subdivision on December 31, 1950, was acquired from private ownership after 1936 and prior to 1951; except that if such State or political subdivision makes an acquisition after 1950 from private ownership of any part of its transportation system, then, in the case of any employee who—

“(C) became an employee of such State or political subdivision in connection with and at the time of its acquisition after 1950 of such part, and

“(D) prior to such acquisition rendered service in employment (including as employment service covered by an agreement under section 218 of the Social Security Act) in connection with the operation of such part of the transportation system acquired by the State or political subdivision,

the service of such employee in connection with the operation of the transportation system shall constitute covered transportation service, commencing with the first day of the third calendar quarter following the calendar quarter in which the acquisition of such part took place, unless on such first day such service of such employee is covered by a general retirement system which does not, with respect to such employee, contain special provisions applicable only to employees described in subparagraph (C).

“(3) Transportation systems acquired after 1950.—All service performed in the employ of a State or political subdivision thereof in connection with its operation of a public transportation system shall constitute covered transportation service if the transportation system was not operated by the State or political subdivision prior to 1951 and, at the time of its first acquisition (after 1950) from private ownership of any part of its transportation system, the State or political subdivision did not have a general retirement system covering substantially all service performed in connection with the operation of the transportation system.

“(4) Definitions.—For the purposes of this subsection—

“(A) The term ‘general retirement system’ means any pension, annuity, retirement, or similar fund or system established by a State or by a political subdivision thereof for employees of the State, political subdivision, or both; but such term shall not include such a fund or system which covers only service performed in positions connected with the operation of its public transportation system.

“(B) A transportation system or a part thereof shall be considered to have been acquired by a State or political sub-

Ante, p. 514.

“General retirement system.”

division from private ownership if prior to the acquisition service performed by employees in connection with the operation of the system or part thereof acquired constituted employment under this subchapter or was covered by an agreement made pursuant to section 218 of the Social Security Act and some of such employees became employees of the State or political subdivision in connection with and at the time of such acquisition.

Ante, p. 514.

“(C) The term ‘political subdivision’ includes an instrumentality of (i) a State, (ii) one or more political subdivisions of a State, or (iii) a State and one or more of its political subdivisions.

“Political subdivision.”

“(1) EXEMPTION OF RELIGIOUS, CHARITABLE, ETC., ORGANIZATIONS.—

“(1) WAIVER OF EXEMPTION BY ORGANIZATION.—An organization exempt from income tax under section 101 (6) may file a certificate (in such form and manner, and with such official, as may be prescribed by regulations made under this subchapter) certifying that it desires to have the insurance system established by title II of the Social Security Act extended to service performed by its employees and that at least two-thirds of its employees concur in the filing of the certificate. Such certificate may be filed only if it is accompanied by a list containing the signature, address, and social security account number (if any) of each employee who concurs in the filing of the certificate. Such list may be amended, at any time prior to the expiration of the first month following the first calendar quarter for which the certificate is in effect, by filing with such official a supplemental list or lists containing the signature, address, and social security account number (if any) of each additional employee who concurs in the filing of the certificate. The list and any supplemental list shall be filed in such form and manner as may be prescribed by regulations made under this subchapter. The certificate shall be in effect (for the purposes of subsection (b) (9) (B) and for the purposes of section 210 (a) (9) (B) of the Social Security Act) for the period beginning with the first day following the close of the calendar quarter in which such certificate is filed, but in no case shall such period begin prior to January 1, 1951. The period for which the certificate is effective may be terminated by the organization, effective at the end of a calendar quarter, upon giving two years' advance notice in writing, but only if, at the time of the receipt of such notice, the certificate has been in effect for a period of not less than eight years. The notice of termination may be revoked by the organization by giving, prior to the close of the calendar quarter specified in the notice of termination, a written notice of such revocation. Notice of termination or revocation thereof shall be filed in such form and manner, and with such official, as may be prescribed by regulations made under this subchapter.

Post, p. 959.

49 Stat. 622.
42 U. S. C. §§ 401-410; Sup. III, § 409.
Ante, pp. 482, 488, 489, 492, 512, 518, 521, 522, 523.

Ante, p. 531.

Ante, p. 497.

“(2) TERMINATION OF WAIVER PERIOD BY COMMISSIONER.—If the Commissioner finds that any organization which filed a certificate pursuant to this subsection has failed to comply substantially with the requirements of this subchapter or is no longer able to comply therewith, the Commissioner shall give such organization not less than sixty days' advance notice in writing that the period covered by such certificate will terminate at the end of the calendar quarter specified in such notice. Such notice of termination may be revoked by the Commissioner by giving, prior to the close of the calendar quarter specified in the notice of termination, written

notice of such revocation to the organization. No notice of termination or of revocation thereof shall be given under this paragraph to an organization without the prior concurrence of the Federal Security Administrator.

“(3) NO RENEWAL OF WAIVER.—In the event the period covered by a certificate filed pursuant to this subsection is terminated by the organization, no certificate may again be filed by such organization pursuant to this subsection.”

53 Stat. 1386, 178.
26 U. S. C. §§ 1426 (c),
1428.

(f) Sections 1426 (c) and 1428 of the Internal Revenue Code are each amended by striking out “paragraph (9)” and inserting in lieu thereof “paragraph (10)”.

Applicability of
amendments.

(g) The amendments made by subsections (c), (d), (e), and (f) of this section shall be applicable only with respect to services performed after 1950.

DEFINITION OF EMPLOYEE

53 Stat. 178.
26 U. S. C. § 1426 (d);
Sup. III, § 1426 (d).

SEC. 205. (a) Section 1426 (d) of the Internal Revenue Code is amended to read as follows:

“(d) EMPLOYEE.—The term ‘employee’ means—

“(1) any officer of a corporation; or

“(2) any individual who, under the usual common law rules applicable in determining the employer-employee relationship, has the status of an employee; or

“(3) any individual (other than an individual who is an employee under paragraph (1) or (2) of this subsection) who performs services for remuneration for any person—

“(A) as an agent-driver or commission-driver engaged in distributing meat products, vegetable products, fruit products, bakery products, beverages (other than milk), or laundry or dry-cleaning services, for his principal;

“(B) as a full-time life insurance salesman;

“(C) as a home worker performing work, according to specifications furnished by the person for whom the services are performed, on materials or goods furnished by such person which are required to be returned to such person or a person designated by him, if the performance of such services is subject to licensing requirements under the laws of the State in which such services are performed; or

“(D) as a traveling or city salesman, other than as an agent-driver or commission-driver, engaged upon a full-time basis in the solicitation on behalf of, and the transmission to, his principal (except for side-line sales activities on behalf of some other person) of orders from wholesalers, retailers, contractors, or operators of hotels, restaurants, or other similar establishments for merchandise for resale or supplies for use in their business operations;

if the contract of service contemplates that substantially all of such services are to be performed personally by such individual; except that an individual shall not be included in the term ‘employee’ under the provisions of this paragraph if such individual has a substantial investment in facilities used in connection with the performance of such services (other than in facilities for transportation), or if the services are in the nature of a single transaction not part of a continuing relationship with the person for whom the services are performed.”

Applicability.

(b) The amendment made by this section shall be applicable only with respect to services performed after 1950.

RECEIPTS FOR EMPLOYEES; SPECIAL REFUNDS

SEC. 206. (a) Subchapter E of chapter 9 of the Internal Revenue Code is amended by adding at the end thereof the following new sections:

57 Stat. 126.
26 U. S. C. §§ 1630-1632.
Post, pp. 547, 927.

"SEC. 1633. RECEIPTS FOR EMPLOYEES.

Post, p. 927.

"(a) REQUIREMENT.—Every person required to deduct and withhold from an employee a tax under section 1400 or 1622, or who would have been required to deduct and withhold a tax under section 1622 if the employee had claimed no more than one withholding exemption, shall furnish to each such employee in respect of the remuneration paid by such person to such employee during the calendar year, on or before January 31 of the succeeding year, or, if his employment is terminated before the close of such calendar year, on the day on which the last payment of remuneration is made, a written statement showing the following: (1) the name of such person, (2) the name of the employee (and his social security account number if wages as defined in section 1426 (a) have been paid), (3) the total amount of wages as defined in section 1621 (a), (4) the total amount deducted and withheld as tax under section 1622, (5) the total amount of wages as defined in section 1426 (a), and (6) the total amount deducted and withheld as tax under section 1400.

Ante, p. 524.
57 Stat. 128.
26 U. S. C. § 1622;
Sup. III, § 1622.
Post, p. 921.

"(b) STATEMENTS TO CONSTITUTE INFORMATION RETURNS.—The statements required to be furnished by this section in respect of any remuneration shall be furnished at such other times, shall contain such other information, and shall be in such form as the Commissioner, with the approval of the Secretary, may by regulations prescribe. A duplicate of any such statement if made and filed in accordance with regulations prescribed by the Commissioner with the approval of the Secretary shall constitute the return required to be made in respect of such remuneration under section 147.

Ante, p. 525.
Post, pp. 547, 927, 945.

"(c) EXTENSION OF TIME.—The Commissioner, under such regulations as he may prescribe with the approval of the Secretary, may grant to any person a reasonable extension of time (not in excess of thirty days) with respect to the statements required to be furnished under this section.

53 Stat. 64.
26 U. S. C. § 147;
Sup. III, § 147.

"SEC. 1634. PENALTIES.

"(a) PENALTIES FOR FRAUDULENT STATEMENT OF FAILURE TO FURNISH STATEMENT.—In lieu of any other penalty provided by law (except the penalty provided by subsection (b) of this section), any person required under the provisions of section 1633 to furnish a statement who willfully furnishes a false or fraudulent statement, or who willfully fails to furnish a statement in the manner, at the time, and showing the information required under section 1633, or regulations prescribed thereunder, shall for each such failure, upon conviction thereof, be fined not more than \$1,000, or imprisoned for not more than one year, or both.

Supra.

"(b) ADDITIONAL PENALTY.—In addition to the penalty provided by subsection (a) of this section, any person required under the provisions of section 1633 to furnish a statement who willfully furnishes a false or fraudulent statement, or who willfully fails to furnish a statement in the manner, at the time, and showing the information required under section 1633, or regulations prescribed thereunder, shall for each such failure be subject to a civil penalty of \$50. Such penalty shall be assessed and collected in the same manner as the tax imposed by section 1410."

Supra.

Ante, p. 524.

53 Stat. 91.
26 U. S. C. § 322 (a).

(b) (1) Section 322 (a) of the Internal Revenue Code is amended by adding at the end thereof the following new paragraph:

“(4) CREDIT FOR ‘SPECIAL REFUNDS’ OF EMPLOYEE SOCIAL SECURITY TAX.—The Commissioner is authorized to prescribe, with the approval of the Secretary, regulations providing for the crediting against the tax imposed by this chapter for any taxable year of the amount determined by the taxpayer or the Commissioner to be allowable under section 1401 (d) as a special refund of tax imposed on wages received during the calendar year in which such taxable year begins. If more than one taxable year begins in such calendar year, such amount shall not be allowed under this section as a credit against the tax for any taxable year other than the last taxable year so beginning. The amount allowed as a credit under such regulations shall, for the purposes of this chapter, be considered an amount deducted and withheld at the source as tax under subchapter D of chapter 9.”

Ante, p. 527.

57 Stat. 126.
26 U. S. C. §§ 1621–1627; Sup. III, § 1621 *et seq.*
Infra; *post*, pp. 547, 921, 927, 945.
53 Stat. 1382.
26 U. S. C. § 1403 (a).

(2) Section 1403 (a) of the Internal Revenue Code is amended by striking out the first sentence and inserting in lieu thereof the following: “Every employer shall furnish to each of his employees a written statement or statements, in a form suitable for retention by the employee, showing the wages paid by him to the employee before January 1, 1951. (For corresponding provisions with respect to wages paid after December 31, 1950, see section 1633.)”

Ante, p. 537; *post*, p. 927.
57 Stat. 126.
26 U. S. C. § 1625.
Post, p. 927.

(3) Section 1625 of the Internal Revenue Code is amended by adding at the end thereof the following new subsection:

“(d) APPLICATION OF SECTION.—This section shall apply only with respect to wages paid before January 1, 1951. For corresponding provisions with respect to wages paid after December 31, 1950, see section 1633.”

Ante, p. 537; *post*, p. 927.

(c) The amendments made by this section shall be applicable only with respect to wages paid after December 31, 1950, except that the amendment made by subsection (b) (1) of this section shall be applicable only with respect to taxable years beginning after December 31, 1950, and only with respect to “special refunds” in the case of wages paid after December 31, 1950.

PERIODS OF LIMITATION ON ASSESSMENT AND REFUND OF CERTAIN EMPLOYMENT TAXES

Ante, p. 537; *post*, pp. 547, 927.

SEC. 207. (a) Subchapter E of chapter 9 of the Internal Revenue Code is amended by inserting at the end thereof the following new sections:

“SEC. 1635. PERIOD OF LIMITATION UPON ASSESSMENT AND COLLECTION OF CERTAIN EMPLOYMENT TAXES.

53 Stat. 175; 57 Stat. 126.
26 U. S. C. §§ 1400–1432, 1621–1627; Sup. III, § 1400 *et seq.*, § 1621 *et seq.*
Ante, p. 524 *et seq.*; *post*, pp. 547, 921, 927, 945; *supra*.

“(a) GENERAL RULE.—The amount of any tax imposed by subchapter A of this chapter or subchapter D of this chapter shall (except as otherwise provided in the following subsections of this section) be assessed within three years after the return was filed, and no proceeding in court without assessment for the collection of such tax shall be begun after the expiration of such period.

“(b) FALSE RETURN OR NO RETURN.—In the case of a false or fraudulent return with intent to evade tax or of a failure to file a return, the tax may be assessed, or a proceeding in court for the collection of such tax may be begun without assessment, at any time.

“(c) WILLFUL ATTEMPT TO EVADE TAX.—In case of a willful attempt in any manner to defeat or evade tax, the tax may be assessed, or a proceeding in court for the collection of such tax may be begun without assessment, at any time.

“(d) **COLLECTION AFTER ASSESSMENT.**—Where the assessment of any tax imposed by subchapter A of this chapter or subchapter D of this chapter has been made within the period of limitation properly applicable thereto, such tax may be collected by distraint or by a proceeding in court, but only if begun (1) within six years after the assessment of the tax, or (2) prior to the expiration of any period for collection agreed upon in writing by the Commissioner and the taxpayer.

“(e) **DATE OF FILING OF RETURN.**—For the purposes of this section, if a return for any period ending with or within a calendar year is filed before March 15 of the succeeding calendar year, such return shall be considered filed on March 15 of such succeeding calendar year.

“(f) **APPLICATION OF SECTION.**—The provisions of this section shall apply only to those taxes imposed by subchapter A of this chapter, or subchapter D of this chapter, which are required to be collected and paid by making and filing returns.

“(g) **EFFECTIVE DATE.**—The provisions of this section shall not apply to any tax imposed with respect to remuneration paid during any calendar year before 1951.

“SEC. 1636. PERIOD OF LIMITATION UPON REFUNDS AND CREDITS OF CERTAIN EMPLOYMENT TAXES.

“(a) **GENERAL RULE.**—In the case of any tax imposed by subchapter A of this chapter or subchapter D of this chapter—

“(1) **PERIOD OF LIMITATION.**—Unless a claim for credit or refund is filed by the taxpayer within three years from the time the return was filed or within two years from the time the tax was paid, no credit or refund shall be allowed or made after the expiration of whichever of such periods expires the later. If no return is filed, then no credit or refund shall be allowed or made after two years from the time the tax was paid, unless before the expiration of such period a claim therefor is filed by the taxpayer.

“(2) **LIMIT ON AMOUNT OF CREDIT OR REFUND.**—The amount of the credit or refund shall not exceed the portion of the tax paid—

“(A) If a return was filed, and the claim was filed within three years from the time the return was filed, during the three years immediately preceding the filing of the claim.

“(B) If a claim was filed, and (i) no return was filed, or (ii) if the claim was not filed within three years from the time the return was filed, during the two years immediately preceding the filing of the claim.

“(C) If no claim was filed and the allowance of credit or refund is made within three years from the time the return was filed, during the three years immediately preceding the allowance of the credit or refund.

“(D) If no claim was filed, and (i) no return was filed or (ii) the allowance of the credit or refund is not made within three years from the time the return was filed, during the two years immediately preceding the allowance of the credit or refund.

“(b) **PENALTIES, ETC.**—The provisions of subsection (a) of this section shall apply to any penalty or sum assessed or collected with respect to the tax imposed by subchapter A of this chapter or subchapter D of this chapter.

“(c) **DATE OF FILING RETURN AND DATE OF PAYMENT OF TAX.**—For the purposes of this section—

“(1) If a return for any period ending with or within a calendar year is filed before March 15 of the succeeding calendar year,

53 Stat. 175; 57 Stat. 126.
26 U. S. C. §§ 1400-1432, 1621-1627; Sup. III, § 1400 *et seq.*, § 1621 *et seq.*
Ante, p. 524 *et seq.*; *post*, pp. 538, 547, 921, 927, 945.

53 Stat. 175; 57 Stat. 126.
26 U. S. C. §§ 1400-1432, 1621-1627; Sup. III, § 1400 *et seq.*, § 1621 *et seq.*
Ante, p. 524 *et seq.*; *post*, pp. 538, 547, 921, 927, 945.

such return shall be considered filed on March 15 of such succeeding calendar year; and

“(2) If a tax with respect to remuneration paid during any period ending with or within a calendar year is paid before March 15 of the succeeding calendar year, such tax shall be considered paid on March 15 of such succeeding calendar year.

“(d) APPLICATION OF SECTION.—The provisions of this section shall apply only to those taxes imposed by subchapter A of this chapter, or subchapter D of this chapter, which are required to be collected and paid by making and filing returns.

“(e) EFFECTIVE DATE.—The provisions of this section shall not apply to any tax paid or collected with respect to remuneration paid during any calendar year before 1951 or to any penalty or sum paid or collected with respect to such tax.”

(b) (1) Section 3312 of the Internal Revenue Code is amended by inserting immediately after the words “gift taxes” (which words immediately precede subsection (a) thereof) a comma and the following: “and except as otherwise provided in section 1635 with respect to employment taxes under subchapters A and D of chapter 9”.

(2) Section 3313 of the Internal Revenue Code is amended as follows:

(A) By inserting immediately after the words “and gift taxes,” where those words first appear in the section, the following: “and except as otherwise provided by law in the case of employment taxes under subchapters A and D of chapter 9,”; and

(B) By inserting immediately after the words “and gift taxes”, where those words appear in the parenthetical phrase, a comma and the following: “and other than such employment taxes”.

(3) Section 3645 of the Internal Revenue Code is amended by striking out “Employment taxes, section 3312.” and inserting in lieu thereof the following: “Employment taxes, sections 1635 and 3312.”

(4) Section 3714 (a) of the Internal Revenue Code is amended by inserting at the end thereof the following:

“Employment taxes, see sections 1635 (d) and 3312 (d).”

(5) Section 3770 (a) (6) of the Internal Revenue Code is amended by inserting at the end thereof the following:

“Employment taxes, see sections 1636 and 3313.”

(6) Section 3772 (c) of the Internal Revenue Code is amended by inserting at the end thereof the following:

“Employment taxes, see sections 1636 and 3313.”

SELF-EMPLOYMENT INCOME

SEC. 208. (a) Chapter 1 of the Internal Revenue Code is amended by adding at the end thereof the following new subchapter:

“SUBCHAPTER E—TAX ON SELF-EMPLOYMENT INCOME

“SEC. 480. RATE OF TAX.

“In addition to other taxes, there shall be levied, collected, and paid for each taxable year beginning after December 31, 1950, upon the self-employment income of every individual, a tax as follows:

“(1) In the case of any taxable year beginning after December 31, 1950, and before January 1, 1954, the tax shall be equal to $2\frac{1}{4}$ per centum of the amount of the self-employment income for such taxable year.

“(2) In the case of any taxable year beginning after December 31, 1953, and before January 1, 1960, the tax shall be equal to 3 per centum of the amount of the self-employment income for such taxable year.

53 Stat. 175; 57 Stat. 126.
26 U. S. C. §§ 1400–1432, 1621–1627; Sup. III, § 1400 *et seq.*, § 1621 *et seq.*

Ante, p. 524 *et seq.*; *post*, pp. 547, 921, 927, 945.

53 Stat. 400.
26 U. S. C. § 3312.

Ante, p. 538.

53 Stat. 400.
26 U. S. C. § 3313.

53 Stat. 443.
26 U. S. C. § 3645.

Ante, p. 538; *supra*.

53 Stat. 456.
26 U. S. C. § 3714 (a).

Ante, p. 539; 53 Stat. 400.

26 U. S. C. § 3312 (d).
63 Stat. 669.

26 U. S. C., Sup. III, § 3770 (a) (6).

Ante, p. 539; *supra*.
53 Stat. 465.

26 U. S. C. § 3772 (c).
Ante, p. 539; *supra*.

53 Stat. 4.
26 U. S. C. §§ 1–476; Sup. III, § 11 *et seq.*
Post, pp. 906, 1137.

Self-Employment Contributions Act.

"(3) In the case of any taxable year beginning after December 31, 1959, and before January 1, 1965, the tax shall be equal to $3\frac{3}{4}$ per centum of the amount of the self-employment income for such taxable year.

"(4) In the case of any taxable year beginning after December 31, 1964, and before January 1, 1970, the tax shall be equal to $4\frac{1}{2}$ per centum of the amount of the self-employment income for such taxable year.

"(5) In the case of any taxable year beginning after December 31, 1969, the tax shall be equal to $4\frac{7}{8}$ per centum of the amount of the self-employment income for such taxable year.

"SEC. 481. DEFINITIONS.

"For the purposes of this subchapter—

"(a) NET EARNINGS FROM SELF-EMPLOYMENT.—The term 'net earnings from self-employment' means the gross income derived by an individual from any trade or business carried on by such individual, less the deductions allowed by this chapter which are attributable to such trade or business, plus his distributive share (whether or not distributed) of the ordinary net income or loss, as computed under section 183, from any trade or business carried on by a partnership of which he is a member; except that in computing such gross income and deductions and such distributive share of partnership ordinary net income or loss—

53 Stat. 70.
26 U. S. C. § 183.

"(1) There shall be excluded rentals from real estate (including personal property leased with the real estate) and deductions attributable thereto, unless such rentals are received in the course of a trade or business as a real estate dealer;

"(2) There shall be excluded income derived from any trade or business in which, if the trade or business were carried on exclusively by employees, the major portion of the services would constitute agricultural labor as defined in section 1426 (h); and there shall be excluded all deductions attributable to such income;

Ante, p. 532.

"(3) There shall be excluded dividends on any share of stock, and interest on any bond, debenture, note, or certificate, or other evidence of indebtedness, issued with interest coupons or in registered form by any corporation (including one issued by a government or political subdivision thereof), unless such dividends and interest (other than interest described in section 25 (a)) are received in the course of a trade or business as a dealer in stocks or securities;

53 Stat. 17.
26 U. S. C. § 25 (a).

"(4) There shall be excluded any gain or loss (A) which is considered as gain or loss from the sale or exchange of a capital asset, (B) from the cutting or disposal of timber if section 117 (j) is applicable to such gain or loss, or (C) from the sale, exchange, involuntary conversion, or other disposition of property if such property is neither (i) stock in trade or other property of a kind which would properly be includible in inventory if on hand at the close of the taxable year, nor (ii) property held primarily for sale to customers in the ordinary course of the trade or business;

Post, p. 933.

"(5) The deduction for net operating losses provided in section 23 (s) shall not be allowed;

53 Stat. 867.
26 U. S. C. § 23 (s).

"(6) (A) If any of the income derived from a trade or business (other than a trade or business carried on by a partnership) is community income under community property laws applicable to such income, all of the gross income and deductions attributable to such trade or business shall be treated as the gross income and deductions of the husband unless the wife exercises substantially all of the management and control of such trade or business, in

which case all of such gross income and deductions shall be treated as the gross income and deductions of the wife;

“(B) If any portion of a partner’s distributive share of the ordinary net income or loss from a trade or business carried on by a partnership is community income or loss under the community property laws applicable to such share, all of such distributive share shall be included in computing the net earnings from self-employment of such partner, and no part of such share shall be taken into account in computing the net earnings from self-employment of the spouse of such partner;

“(7) In the case of any taxable year beginning on or after the effective date specified in section 3810, (A) the term ‘possession of the United States’ as used in section 251 shall not include Puerto Rico, and (B) a citizen or resident of Puerto Rico shall compute his net earnings from self-employment in the same manner as a citizen of the United States and without regard to the provisions of section 252.

If the taxable year of a partner is different from that of the partnership, the distributive share which he is required to include in computing his net earnings from self-employment shall be based upon the ordinary net income or loss of the partnership for any taxable year of the partnership (even though beginning prior to January 1, 1951) ending within or with his taxable year.

“(b) SELF-EMPLOYMENT INCOME.—The term ‘self-employment income’ means the net earnings from self-employment derived by an individual (other than a nonresident alien individual) during any taxable year beginning after December 31, 1950; except that such term shall not include—

“(1) That part of the net earnings from self-employment which is in excess of: (A) \$3,600, minus (B) the amount of the wages paid to such individual during the taxable year; or

“(2) The net earnings from self-employment, if such net earnings for the taxable year are less than \$400.

“Wages.”

For the purposes of clause (1) the term ‘wages’ includes such remuneration paid to an employee for services included under an agreement entered into pursuant to the provisions of section 218 of the Social Security Act (relating to coverage of State employees) as would be wages under section 1426 (a) if such services constituted employment under section 1426 (b). In the case of any taxable year beginning prior to the effective date specified in section 3810, an individual who is a citizen of Puerto Rico (but not otherwise a citizen of the United States) and who is not a resident of the United States or of the Virgin Islands during such taxable year shall be considered, for the purposes of this subchapter, as a nonresident alien individual. An individual who is not a citizen of the United States but who is a resident of the Virgin Islands or (after the effective date specified in section 3810) a resident of Puerto Rico shall not, for the purposes of this subchapter, be considered to be a nonresident alien individual.

“(c) TRADE OR BUSINESS.—The term ‘trade or business’, when used with reference to self-employment income or net earnings from self-employment, shall have the same meaning as when used in section 23, except that such term shall not include—

“(1) The performance of the functions of a public office;

“(2) The performance of service by an individual as an employee (other than service described in section 1426 (b) (16) (B) performed by an individual who has attained the age of eighteen);

“(3) The performance of service by an individual as an employee or employee representative as defined in section 1532;

Post, p. 946.

Post, p. 543.

Post, p. 944.

Post, p. 944.

Ante, p. 514.

Ante, p. 525.

Ante, p. 528.

Post, p. 543.

53 Stat. 12.
26 U. S. C. § 23; Sup.

III, § 23.
Post, pp. 929, 941,
959, 1219.

Ante, p. 532.

53 Stat. 181.
26 U. S. C. § 1532.

“(4) The performance of service by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order; or

“(5) The performance of service by an individual in the exercise of his profession as a physician, lawyer, dentist, osteopath, veterinarian, chiropractor, naturopath, optometrist, Christian Science practitioner, architect, certified public accountant, accountant registered or licensed as an accountant under State or municipal law, full-time practicing public accountant, funeral director, or professional engineer; or the performance of such service by a partnership.

“(d) **EMPLOYEE AND WAGES.**—The term ‘employee’ and the term ‘wages’ shall have the same meaning as when used in subchapter A of chapter 9.

53 Stat. 175.
26 U. S. C. §§ 1400-1432; Sup. III, § 1400 *et seq.*
Ante, p. 524 *et seq.*

“SEC. 482. MISCELLANEOUS PROVISIONS.

“(a) **RETURNS.**—Every individual (other than a nonresident alien individual) having net earnings from self-employment of \$400 or more for the taxable year shall make a return containing such information for the purpose of carrying out the provisions of this subchapter as the Commissioner, with the approval of the Secretary, may by regulations prescribe. Such return shall be considered a return required under section 51 (a). In the case of a husband and wife filing a joint return under section 51 (b), the tax imposed by this subchapter shall not be computed on the aggregate income but shall be the sum of the taxes computed under this subchapter on the separate self-employment income of each spouse.

53 Stat. 27.
26 U. S. C. § 51 (a) (b); Sup. III, § 51 (a). (b).

“(b) **TITLE OF SUBCHAPTER.**—This subchapter may be cited as the ‘Self-Employment Contributions Act’.

“(c) **EFFECTIVE DATE IN CASE OF PUERTO RICO.**—For effective date in case of Puerto Rico, see section 3810.

Infra.

“(d) **COLLECTION OF TAXES IN VIRGIN ISLANDS AND PUERTO RICO.**—For provisions relating to collection of taxes in Virgin Islands and Puerto Rico, see section 3811.”

Infra.

(b) Chapter 38 of the Internal Revenue Code is amended by adding at the end thereof the following new sections:

53 Stat. 467.
26 U. S. C. §§ 3790-3808; Sup. III, § 3792 *et seq.*
Post, pp. 544, 946, 957, 958, 1136, 1220.

“SEC. 3810. EFFECTIVE DATE IN CASE OF PUERTO RICO.

“If the Governor of Puerto Rico certifies to the President of the United States that the legislature of Puerto Rico has, by concurrent resolution, resolved that it desires the extension to Puerto Rico of the provisions of title II of the Social Security Act, the effective date referred to in sections 1426 (e), 481 (a) (7), and 481 (b) shall be January 1 of the first calendar year which begins more than ninety days after the date on which the President receives such certification.

49 Stat. 622.
42 U. S. C. §§ 401-410; Sup. III, § 409.
Ante, pp. 482, 488, 489, 492, 512 *et seq.*
Ante, pp. 532, 542; *post*, p. 946.

“SEC. 3811. COLLECTION OF TAXES IN VIRGIN ISLANDS AND PUERTO RICO.

“Notwithstanding any other provision of law respecting taxation in the Virgin Islands or Puerto Rico, all taxes imposed by subchapter E of chapter 1 and by subchapter A of chapter 9 shall be collected by the Bureau of Internal Revenue under the direction of the Secretary and shall be paid into the Treasury of the United States as internal revenue collections. All provisions of the internal revenue laws of the United States relating to the administration and enforcement of the tax imposed by subchapter E of chapter 1 (including the provisions relating to The Tax Court of the United States), and of any tax imposed by subchapter A of chapter 9, shall, in respect of such tax, extend to

Ante, p. 540; *post*, p. 946.
53 Stat. 175.
26 U. S. C. §§ 1400-1432.
Ante, p. 524 *et seq.*

and be applicable in the Virgin Islands and Puerto Rico in the same manner and to the same extent as if the Virgin Islands and Puerto Rico were each a State, and as if the term 'United States' when used in a geographical sense included the Virgin Islands and Puerto Rico.

"SEC. 3812. MITIGATION OF EFFECT OF STATUTE OF LIMITATIONS AND OTHER PROVISIONS IN CASE OF RELATED TAXES UNDER DIFFERENT CHAPTERS.

"(a) SELF-EMPLOYMENT TAX AND TAX ON WAGES.—In the case of the tax imposed by subchapter E of chapter 1 (relating to tax on self-employment income) and the tax imposed by section 1400 of subchapter A of chapter 9 (relating to tax on employees under the Federal Insurance Contributions Act)—

"(1) (i) if an amount is erroneously treated as self-employment income, or

"(ii) if an amount is erroneously treated as wages, and

"(2) if the correction of the error would require an assessment of one such tax and the refund or credit of the other tax, and

"(3) if at any time the correction of the error is authorized as to one such tax but is prevented as to the other tax by any law or rule of law (other than section 3761, relating to compromises), then, if the correction authorized is made, the amount of the assessment, or the amount of the credit or refund, as the case may be, authorized as to the one tax shall be reduced by the amount of the credit or refund, or the amount of the assessment, as the case may be, which would be required with respect to such other tax for the correction of the error if such credit or refund, or such assessment, of such other tax were not prevented by any law or rule of law (other than section 3761, relating to compromises).

"(b) DEFINITIONS.—For the purposes of subsection (a) of this section, the terms 'self-employment income' and 'wages' shall have the same meaning as when used in section 481 (b)."

(c) Section 3801 of the Internal Revenue Code is amended by adding at the end thereof the following new subsection:

"(g) TAXES IMPOSED BY CHAPTER 9.—The provisions of this section shall not be construed to apply to any tax imposed by chapter 9."

(d) (1) Section 3 of the Internal Revenue Code is amended by inserting at the end thereof the following:

"Subchapter E—Tax on Self-Employment Income (the Self-Employment Contributions Act), divided into sections."

(2) Section 12 (g) of the Internal Revenue Code is amended by inserting at the end thereof the following:

"(6) Tax on Self-Employment Income.—For tax on self-employment income, see subchapter E."

(3) Section 31 of the Internal Revenue Code is amended by inserting immediately after the words "the tax" the following: "(other than the tax imposed by subchapter E, relating to tax on self-employment income)"; and section 131 (a) of the Internal Revenue Code is amended by inserting immediately after the words "except the tax imposed under section 102" the following: "and except the tax imposed under subchapter E".

(4) Section 58 (b) (1) of the Internal Revenue Code is amended by inserting immediately after the words "withheld at source" the following: "and without regard to the tax imposed by subchapter E on self-employment income".

(5) Section 107 of the Internal Revenue Code is amended by inserting at the end thereof the following new subsection:

"(e) TAX ON SELF-EMPLOYMENT INCOME.—This section shall be applied without regard to, and shall not affect, the tax imposed by subchapter E, relating to tax on self-employment income."

Ante, p. 540; *post*, p. 946.

Ante, p. 524.

53 Stat. 175.
26 U. S. C. § 1432;
Sup. III, § 1400 *et seq.*

53 Stat. 462.
26 U. S. C. § 3761.

Ante, p. 542.

53 Stat. 471.
26 U. S. C. § 3801.

53 Stat. 175.
26 U. S. C. §§ 1400–
1632; Sup. III, § 1400
et seq.

Ante, p. 524 *et seq.*;
post, pp. 545–547, 560,
921, 927, 945.

53 Stat. 4.
26 U. S. C. § 3.
Ante, p. 540.
55 Stat. 692.
26 U. S. C. § 12 (g);
Sup. III, § 12 (g).

Ante, p. 540.

53 Stat. 24.
26 U. S. C. § 31.

Post, pp. 946, 1219.

57 Stat. 142.
26 U. S. C. § 58 (b)
(1).

53 Stat. 178.
26 U. S. C. § 107.

(6) Section 120 of the Internal Revenue Code is amended by inserting immediately after the words "amount of income" the following: "(determined without regard to subchapter E, relating to tax on self-employment income)".

(7) Section 161 (a) of the Internal Revenue Code is amended by inserting immediately after the words "The taxes imposed by this chapter" the following: "(other than the tax imposed by subchapter E, relating to tax on self-employment income)".

(8) Section 294 (d) of the Internal Revenue Code is amended by inserting at the end thereof the following new paragraph:

"(3) TAX ON SELF-EMPLOYMENT INCOME.—This subsection shall be applied without regard to the tax imposed by subchapter E, relating to tax on self-employment income."

53 Stat. 56.
26 U. S. C. § 120.
Post, p. 1244.
Ante, p. 540.

53 Stat. 66.
26 U. S. C. § 161 (a).

Ante, p. 540.

53 Stat. 37.
26 U. S. C. § 294 (d).

Ante, p. 540.

MISCELLANEOUS AMENDMENTS

SEC. 209. (a) (1) Section 1607 (b) of the Internal Revenue Code is amended to read as follows:

"(b) WAGES.—The term 'wages' means all remuneration for employment, including the cash value of all remuneration paid in any medium other than cash; except that such term shall not include—

"(1) That part of the remuneration which, after remuneration (other than remuneration referred to in the succeeding paragraphs of this subsection) equal to \$3,000 with respect to employment has been paid to an individual by an employer during any calendar year, is paid to such individual by such employer during such calendar year. If an employer (hereinafter referred to as successor employer) during any calendar year acquires substantially all the property used in a trade or business of another employer (hereinafter referred to as a predecessor), or used in a separate unit of a trade or business of a predecessor, and immediately after the acquisition employs in his trade or business an individual who immediately prior to the acquisition was employed in the trade or business of such predecessor, then, for the purpose of determining whether the successor employer has paid remuneration (other than remuneration referred to in the succeeding paragraphs of this subsection) with respect to employment equal to \$3,000 to such individual during such calendar year, any remuneration (other than remuneration referred to in the succeeding paragraphs of this subsection) with respect to employment paid (or considered under this paragraph as having been paid) to such individual by such predecessor during such calendar year and prior to such acquisition shall be considered as having been paid by such successor employer;

"(2) The amount of any payment (including any amount paid by an employer for insurance or annuities, or into a fund, to provide for any such payment) made to, or on behalf of, an employee or any of his dependents under a plan or system established by an employer which makes provision for his employees generally (or for his employees generally and their dependents) or for a class or classes of his employees (or for a class or classes of his employees and their dependents), on account of (A) retirement, or (B) sickness or accident disability, or (C) medical or hospitalization expenses in connection with sickness or accident disability, or (D) death;

"(3) Any payment made to an employee (including any amount paid by an employer for insurance or annuities, or into a fund, to provide for any such payment) on account of retirement;

53 Stat. 187.
26 U. S. C. § 1607 (b).
Post, p. 546.

"(4) Any payment on account of sickness or accident disability, or medical or hospitalization expenses in connection with sickness or accident disability, made by an employer to, or on behalf of, an employee after the expiration of six calendar months following the last calendar month in which the employee worked for such employer;

53 Stat. 876.
26 U. S. C. § 165 (a).

"(5) Any payment made to, or on behalf of, an employee or his beneficiary (A) from or to a trust exempt from tax under section 165 (a) at the time of such payment unless such payment is made to an employee of the trust as remuneration for services rendered as such employee and not as a beneficiary of the trust, or (B) under or to an annuity plan which, at the time of such payment, meets the requirements of section 165 (a) (3), (4), (5), and (6);

Ante, p. 524.

"(6) The payment by an employer (without deduction from the remuneration of the employee) (A) of the tax imposed upon an employee under section 1400, or (B) of any payment required from an employee under a State unemployment compensation law;

"(7) Remuneration paid in any medium other than cash to an employee for service not in the course of the employer's trade or business;

"(8) Any payment (other than vacation or sick pay) made to an employee after the month in which he attains the age of sixty-five, if he did not work for the employer in the period for which such payment is made;

"(9) Dismissal payments which the employer is not legally required to make."

Ante, p. 545.

(2) The amendment made by paragraph (1) shall be applicable only with respect to remuneration paid after 1950. In the case of remuneration paid prior to 1951, the determination under section 1607 (b) (1) of the Internal Revenue Code (prior to its amendment by this Act) of whether or not such remuneration constituted wages shall be made as if paragraph (1) of this subsection had not been enacted and without inferences drawn from the fact that the amendment made by paragraph (1) is not made applicable to periods prior to 1951.

Ante, p. 545.

(3) Effective with respect to remuneration paid after December 31, 1951, section 1607 (b) of the Internal Revenue Code is amended by changing the semicolon at the end of paragraph (8) to a period and by striking out paragraph (9) thereof.

53 Stat. 1393.
26 U. S. C. § 1607 (c).

(b) (1) Section 1607 (c) (3) of the Internal Revenue Code is amended to read as follows:

"(3) Service not in the course of the employer's trade or business performed in any calendar quarter by an employee, unless the cash remuneration paid for such service is \$50 or more and such service is performed by an individual who is regularly employed by such employer to perform such service. For the purposes of this paragraph, an individual shall be deemed to be regularly employed by an employer during a calendar quarter only if (A) on each of some twenty-four days during such quarter such individual performs for such employer for some portion of the day service not in the course of the employer's trade or business, or (B) such individual was regularly employed (as determined under clause (A)) by such employer in the performance of such service during the preceding calendar quarter;"

53 Stat. 1394.
26 U. S. C. § 1607 (c)
(10) (A) (i).

(2) Section 1607 (c) (10) (A) (i) of the Internal Revenue Code is amended by striking out "does not exceed \$45" and inserting in lieu thereof "is less than \$50".

53 Stat. 1394.
26 U. S. C. § 1607 (c)
(10) (E).

(3) Section 1607 (c) (10) (E) of the Internal Revenue Code is amended by striking out "in any calendar quarter" and by striking out

“, and the remuneration for such service does not exceed \$45 (exclusive of room, board, and tuition)”.

(4) The amendments made by paragraphs (1), (2), and (3) shall be applicable only with respect to service performed after 1950.

(c) (1) Section 1621 (a) (4) of the Internal Revenue Code is amended to read as follows:

“(4) for service not in the course of the employer’s trade or business performed in any calendar quarter by an employee, unless the cash remuneration paid for such service is \$50 or more and such service is performed by an individual who is regularly employed by such employer to perform such service. For the purposes of this paragraph, an individual shall be deemed to be regularly employed by an employer during a calendar quarter only if (A) on each of some twenty-four days during such quarter such individual performs for such employer for some portion of the day service not in the course of the employer’s trade or business, or (B) such individual was regularly employed (as determined under clause (A)) by such employer in the performance of such service during the preceding calendar quarter, or”.

(2) Section 1621 (a) of the Internal Revenue Code is amended by striking out paragraph (9) thereof and inserting in lieu thereof the following:

“(9) for services performed by a duly ordained, commissioned, or licensed minister of a church in the exercise of his ministry or by a member of a religious order in the exercise of duties required by such order, or

“(10) (A) for services performed by an individual under the age of eighteen in the delivery or distribution of newspapers or shopping news, not including delivery or distribution to any point for subsequent delivery or distribution, or

“(B) for services performed by an individual in, and at the time of, the sale of newspapers or magazines to ultimate consumers, under an arrangement under which the newspapers or magazines are to be sold by him at a fixed price, his compensation being based on the retention of the excess of such price over the amount at which the newspapers or magazines are charged to him, whether or not he is guaranteed a minimum amount of compensation for such service, or is entitled to be credited with the unsold newspapers or magazines turned back, or

“(11) for services not in the course of the employer’s trade or business, to the extent paid in any medium other than cash, or

“(12) to, or on behalf of, an employee or his beneficiary (A) from or to a trust exempt from tax under section 165 (a) at the time of such payment unless such payment is made to an employee of the trust as remuneration for services rendered as such employee and not as a beneficiary of the trust, or (B) under or to an annuity plan which, at the time of such payment, meets the requirements of section 165 (a) (3), (4), (5), and (6).”

(3) The amendments made by paragraphs (1) and (2) shall be applicable only with respect to remuneration paid after 1950.

(d) (1) Section 1631 of the Internal Revenue Code is amended to read as follows:

“SEC. 1631. FAILURE OF EMPLOYER TO FILE RETURN.

“In case of a failure to make and file any return required under this chapter within the time prescribed by law or prescribed by the Commissioner in pursuance of law, unless it is shown that such failure is due to reasonable cause and not to willful neglect, the addition to the tax or taxes required to be shown on such return shall not be less than \$5.”

Applicability.

57 Stat. 126,
26 U. S. C. § 1621 (a)
(4); Sup. III, § 1621
(a) (4).

57 Stat. 126,
26 U. S. C. § 1621 (a)
(9).

53 Stat. 876,
26 U. S. C. § 165 (a).

Applicability.

57 Stat. 138,
26 U. S. C. § 1631;
Sup. III, § 1631.

(2) The amendment made by paragraph (1) shall be applicable only with respect to returns filed after December 31, 1950.

(e) If a corporation (hereinafter referred to as a predecessor) incorporated under the laws of one State is succeeded after 1945 and before 1951 by another corporation (hereinafter referred to as a successor) incorporated under the laws of another State, and if immediately upon the succession the business of the successor is identical with that of the predecessor and, except for qualifying shares, the proportionate interest of each shareholder in the successor is identical with his proportionate interest in the predecessor, and if in connection with the succession the predecessor is dissolved or merged into the successor, and if the predecessor and the successor are employers under the Federal Insurance Contributions Act and the Federal Unemployment Tax Act in the calendar year in which the succession takes place, then—

(1) the predecessor and successor corporations, for purposes only of the application of the \$3,000 limitation in the definition of wages under such Acts, shall be considered as one employer for such calendar year, and

(2) the successor shall, subject to the applicable statutes of limitations, be entitled to a credit or refund, without interest, of any tax under section 1410 of the Federal Insurance Contributions Act or section 1600 of the Federal Unemployment Tax Act (together with any interest or penalty thereon) paid with respect to remuneration paid by the successor during such calendar year which would not have been subject to tax under such Acts if the remuneration had been paid by the predecessor.

TITLE III—AMENDMENTS TO PUBLIC ASSISTANCE AND MATERNAL AND CHILD WELFARE PROVISIONS OF THE SOCIAL SECURITY ACT

PART 1—OLD-AGE ASSISTANCE

REQUIREMENTS OF STATE OLD-AGE ASSISTANCE PLANS

SEC. 301. (a) Clause (4) of subsection (a) of section 2 of the Social Security Act is amended to read: “(4) provide for granting an opportunity for a fair hearing before the State agency to any individual whose claim for old-age assistance is denied or is not acted upon with reasonable promptness.

(b) Such subsection is further amended by striking out “and” before clause (8) thereof, and by striking out the period at the end of such subsection and inserting in lieu thereof a semicolon and the following new clauses: “(9) provide that all individuals wishing to make application for old-age assistance shall have opportunity to do so, and that old-age assistance shall be furnished with reasonable promptness to all eligible individuals; and (10) effective July 1, 1953, provide, if the plan includes payments to individuals in private or public institutions, for the establishment or designation of a State authority or authorities which shall be responsible for establishing and maintaining standards for such institutions.”

(c) The amendments made by subsections (a) and (b) shall take effect July 1, 1951.

COMPUTATION OF FEDERAL PORTION OF OLD-AGE ASSISTANCE

SEC. 302. (a) Section 3 (a) of the Social Security Act is amended to read as follows:

“SEC. 3. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for

53 Stat. 1387, 183, 1396.
26 U. S. C. §§ 1432, 1611; Sup. III, § 1400 et seq., § 1602 et seq.;
Ante, p. 524 et seq.;
post, pp. 560, 921, 927, 945.

53 Stat. 175, 183.
26 U. S. C. §§ 1410, 1600; Sup. III, § 1410.
Ante, p. 524.

49 Stat. 620.
42 U. S. C. § 302 (a) (4).

53 Stat. 1361.

Effective date.

49 Stat. 621.
42 U. S. C. § 303 (a);
Sup. III, § 303 (a).

old-age assistance, for each quarter, beginning with the quarter commencing October 1, 1950, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as old-age assistance, equal to the sum of the following proportions of the total amounts expended during such quarter as old-age assistance under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds \$50—

“(A) three-fourths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of \$20 multiplied by the total number of such individuals who received old-age assistance for such month; plus

“(B) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A); and (2) in the case of Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as old-age assistance, equal to one-half of the total of the sums expended during such quarter as old-age assistance under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds \$30, and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Administrator for the proper and efficient administration of the State plan, which amount shall be used for paying the costs of administering the State plan or for old-age assistance, or both, and for no other purpose.”

(b) The amendment made by subsection (a) shall take effect October 1, 1950.

Effective date.

DEFINITION OF OLD-AGE ASSISTANCE

SEC. 303. (a) Section 6 of the Social Security Act is amended to read as follows:

49 Stat. 622.
42 U. S. C. § 306.

“DEFINITION

“SEC. 6. For the purposes of this title, the term ‘old-age assistance’ means money payments to, or medical care in behalf of or any type of remedial care recognized under State law in behalf of, needy individuals who are sixty-five years of age or older, but does not include any such payments to or care in behalf of any individual who is an inmate of a public institution (except as a patient in a medical institution) or any individual (a) who is a patient in an institution for tuberculosis or mental diseases, or (b) who has been diagnosed as having tuberculosis or psychosis and is a patient in a medical institution as a result thereof.”

(b) The amendment made by subsection (a) shall take effect October 1, 1950, except that the exclusion of money payments to needy individuals described in clause (a) or (b) of section 6 of the Social Security Act as so amended shall, in the case of any of such individuals who are not patients in a public institution, be effective July 1, 1952.

Effective date.

PART 2—AID TO DEPENDENT CHILDREN

REQUIREMENTS OF STATE PLANS FOR AID TO DEPENDENT CHILDREN

SEC. 321. (a) Effective July 1, 1951, clause (4) of subsection (a) of section 402 of the Social Security Act is amended to read as follows: “(4) provide for granting an opportunity for a fair hearing before the State agency to any individual whose claim for aid to dependent children is denied or is not acted upon with reasonable promptness;”

(b) Such subsection is further amended by striking out “and” before clause (8) thereof, and by striking out the period at the end of such subsection and inserting in lieu thereof a semicolon and the

49 Stat. 627.
42 U. S. C. § 602 (a)
(4).

53 Stat. 1379.

following new clauses: "(9) provide, effective July 1, 1951, that all individuals wishing to make application for aid to dependent children shall have opportunity to do so, and that aid to dependent children shall be furnished with reasonable promptness to all eligible individuals; (10) effective July 1, 1952, provide for prompt notice to appropriate law-enforcement officials of the furnishing of aid to dependent children in respect of a child who has been deserted or abandoned by a parent; and (11) provide, effective October 1, 1950, that no aid will be furnished any individual under the plan with respect to any period with respect to which he is receiving old-age assistance under the State plan approved under section 2 of this Act."

Ante, p. 548.

49 Stat. 628.
42 U. S. C. § 602 (b)
(2).

(c) Effective July 1, 1952, clause (2) of subsection (b) of section 402 of the Social Security Act is amended to read as follows: "(2) who was born within one year immediately preceding the application, if the parent or other relative with whom the child is living has resided in the State for one year immediately preceding the birth".

COMPUTATION OF FEDERAL PORTION OF AID TO DEPENDENT CHILDREN

49 Stat. 628.
42 U. S. C. § 603 (a);
Sup. III, § 603 (a).

SEC. 322. (a) Section 403 (a) of the Social Security Act is amended to read as follows:

"SEC. 403. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to dependent children, for each quarter, beginning with the quarter commencing October 1, 1950, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as aid to dependent children, equal to the sum of the following proportions of the total amounts expended during such quarter as aid to dependent children under the State plan, not counting so much of such expenditure with respect to any dependent child for any month as exceeds \$27, or if there is more than one dependent child in the same home, as exceeds \$27 with respect to one such dependent child and \$18 with respect to each of the other dependent children, and not counting so much of such expenditure for any month with respect to a relative with whom any dependent child is living as exceeds \$27—

"(A) three-fourths of such expenditures, not counting so much of the expenditures with respect to any month as exceeds the product of \$12 multiplied by the total number of dependent children and other individuals with respect to whom aid to dependent children is paid for such month, plus

"(B) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A); and (2) in the case of Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as aid to dependent children, equal to one-half of the total of the sums expended during such quarter as aid to dependent children under the State plan, not counting so much of such expenditure with respect to any dependent child for any month as exceeds \$18, or if there is more than one dependent child in the same home, as exceeds \$18 with respect to one such dependent child and \$12 with respect to each of the other dependent children; and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Administrator for the proper and efficient administration of the State plan, which amount shall be used for paying the costs of administering the State plan or for aid to dependent children, or both, and for no other purpose."

Effective date.

(b) The amendment made by subsection (a) shall take effect October 1, 1950.

DEFINITION OF AID TO DEPENDENT CHILDREN

SEC. 323. (a) Section 406 of the Social Security Act is amended by striking out subsection (b) and inserting in lieu thereof the following:

49 Stat. 629.
42 U. S. C. § 606 (b).

"(b) The term 'aid to dependent children' means money payments with respect to, or medical care in behalf of or any type of remedial care recognized under State law in behalf of, a dependent child or dependent children, and (except when used in clause (2) of section 403 (a)) includes money payments or medical care or any type of remedial care recognized under State law for any month to meet the needs of the relative with whom any dependent child is living if money payments have been made under the State plan with respect to such child for such month;

Ante, p. 550.

"(c) The term 'relative with whom any dependent child is living' means the individual who is one of the relatives specified in subsection (a) and with whom such child is living (within the meaning of such subsection) in a place of residence maintained by such individual (himself or together with any one or more of the other relatives so specified) as his (or their) own home."

(b) The amendment made by subsection (a) shall take effect October 1, 1950.

Effective date.

PART 3—MATERNAL AND CHILD WELFARE

SEC. 331. (a) Section 501 of the Social Security Act is amended by striking out "there is hereby authorized to be appropriated for each fiscal year, beginning with the fiscal year ending June 30, 1936, the sum of \$11,000,000" and inserting in lieu thereof "there is hereby authorized to be appropriated for the fiscal year ending June 30, 1951, the sum of \$15,000,000, and for each fiscal year beginning after June 30, 1951, the sum of \$16,500,000".

60 Stat. 986.
42 U. S. C. § 701.
Post, p. 558.

(b) So much of section 502 of the Social Security Act as precedes subsection (c) is amended to read as follows:

49 Stat. 629.
42 U. S. C. § 702 (a),
(b).
Post, p. 558.

"ALLOTMENTS TO STATES

"SEC. 502. (a) (1) Out of the sums appropriated pursuant to section 501 for the fiscal year ending June 30, 1951, the Federal Security Administrator shall allot \$7,500,000 as follows: He shall allot to each State \$60,000 and shall allot each State such part of the remainder of the \$7,500,000 as he finds that the number of live births in such State bore to the total number of live births in the United States, in the latest calendar year for which the Administrator has available statistics.

Supra.

"(2) Out of the sums appropriated pursuant to section 501 for each fiscal year beginning after June 30, 1951, the Federal Security Administrator shall allot \$8,250,000 as follows: He shall allot to each State \$60,000 and shall allot each State such part of the remainder of the \$8,250,000 as he finds that the number of live births in such State bore to the total number of live births in the United States, in the latest calendar year for which the Administrator has available statistics.

Supra.

"(b) Out of the sums appropriated pursuant to section 501 the Administrator shall allot to the States (in addition to the allotments made under subsection (a)) for the fiscal year ending June 30, 1951, the sum of \$7,500,000, and for each fiscal year beginning after June 30, 1951, the sum of \$8,250,000. Such sums shall be allotted according to the financial need of each State for assistance in carrying out its State plan, as determined by the Administrator after taking into consideration the number of live births in such State."

Supra.

(c) Section 511 of the Social Security Act is amended by striking out "there is hereby authorized to be appropriated for each fiscal year,

60 Stat. 986.
42 U. S. C. § 711;
Sup. III, § 711 note.
Post, p. 558.

beginning with the fiscal year ending June 30, 1936, the sum of \$7,500,000" and inserting in lieu thereof "there is hereby authorized to be appropriated for the fiscal year ending June 30, 1951, the sum of \$12,000,000, and for each fiscal year beginning after June 30, 1951, the sum of \$15,000,000".

49 Stat. 631.
42 U. S. C. § 712 (a),
(b).
Post, p. 558.

(d) So much of section 512 of the Social Security Act as precedes subsection (c) is amended to read as follows:

"ALLOTMENTS TO STATES

Ante, p. 551.

"SEC. 512. (a) (1) Out of the sums appropriated pursuant to section 511 for the fiscal year ending June 30, 1951, the Federal Security Administrator shall allot \$6,000,000 as follows: He shall allot to each State \$60,000, and shall allot the remainder of the \$6,000,000 to the States according to the need of each State as determined by him after taking into consideration the number of crippled children in such State in need of the services referred to in section 511 and the cost of furnishing such services to them.

Ante, p. 551.

"(2) Out of the sums appropriated pursuant to section 511 for each fiscal year beginning after June 30, 1951, the Federal Security Administrator shall allot \$7,500,000 as follows: He shall allot to each State \$60,000, and shall allot the remainder of the \$7,500,000 to the States according to the need of each State as determined by him after taking into consideration the number of crippled children in such State in need of the services referred to in section 511 and the cost of furnishing such services to them.

Ante, p. 551.

"(b) Out of the sums appropriated pursuant to section 511 the Administrator shall allot to the States (in addition to the allotments made under subsection (a)) for the fiscal year ending June 30, 1951, the sum of \$6,000,000, and for each fiscal year beginning after June 30, 1951, the sum of \$7,500,000. Such sums shall be allotted according to the financial need of each State for assistance in carrying out its State plan, as determined by the Administrator after taking into consideration the number of crippled children in each State in need of the services referred to in section 511 and the cost of furnishing such services to them."

60 Stat. 986.
42 U. S. C. § 721 (a).
Post, p. 558.

(e) Section 521 (a) of the Social Security Act is amended by striking out "\$3,500,000" and inserting in lieu thereof "\$10,000,000", by striking out "\$20,000" and inserting in lieu thereof "\$40,000", by striking out in the second sentence "as the rural population of such State bears to the total rural population of the United States" and inserting in lieu thereof "as the rural population of such State under the age of eighteen bears to the total rural population of the United States under such age", and by striking out the third sentence thereof and inserting in lieu of such sentence the following: "The amount so allotted shall be expended for payment of part of the cost of district, county, or other local child-welfare services in areas predominantly rural, for developing State services for the encouragement and assistance of adequate methods of community child-welfare organization in areas predominantly rural and other areas of special need, and for paying the cost of returning any runaway child who has not attained the age of sixteen to his own community in another State in cases in which such return is in the interest of the child and the cost thereof cannot otherwise be met: *Provided*, That in developing such services for children the facilities and experience of voluntary agencies shall be utilized in accordance with child-care programs and arrangements in the States and local communities as may be authorized by the State."

Effective date.

(f) The amendments made by the preceding subsections of this section shall be effective with respect to fiscal years beginning after June 30, 1950.

PART 4—AID TO THE BLIND

REQUIREMENTS OF STATE PLANS FOR AID TO THE BLIND

SEC. 341. (a) Clause (4) of subsection (a) of section 1002 of the Social Security Act is amended to read as follows: “(4) provide for granting an opportunity for a fair hearing before the State agency to any individual whose claim for aid to the blind is denied or is not acted upon with reasonable promptness;”.

49 Stat. 645.
42 U. S. C. § 1202.

(b) Clause (7) of such subsection is amended to read as follows: “(7) provide that no aid will be furnished any individual under the plan with respect to any period with respect to which he is receiving old-age assistance under the State plan approved under section 2 of this Act or aid to dependent children under the State plan approved under section 402 of this Act;”.

Ante, pp. 548, 549.

(c) (1) Effective for the period beginning October 1, 1950, and ending June 30, 1952, clause (8) of such subsection is amended to read as follows: “(8) provide that the State agency shall, in determining need, take into consideration any other income and resources of an individual claiming aid to the blind; except that the State agency may, in making such determination, disregard not to exceed \$50 per month of earned income;”.

53 Stat. 1397.

(2) Effective July 1, 1952, such clause (8) is amended to read as follows: “(8) provide that the State agency shall, in determining need, take into consideration any other income and resources of the individual claiming aid to the blind; except that, in making such determination, the State agency shall disregard the first \$50 per month of earned income;”.

(d) Such subsection is further amended by striking out “and” before clause (9) thereof, and by striking out the period at the end of such subsection and inserting in lieu thereof a semicolon and the following new clauses: “(10) provide that, in determining whether an individual is blind, there shall be an examination by a physician skilled in diseases of the eye or by an optometrist; (11) effective July 1, 1951, provide that all individuals wishing to make application for aid to the blind shall have opportunity to do so, and that aid to the blind shall be furnished with reasonable promptness to all eligible individuals; and (12) effective July 1, 1953, provide, if the plan includes payments to individuals in private or public institutions, for the establishment or designation of a State authority or authorities which shall be responsible for establishing and maintaining standards for such institutions.”

53 Stat. 1397.

(e) Effective July 1, 1952, clause (10) of such subsection is amended to read as follows: “(10) provide that, in determining whether an individual is blind, there shall be an examination by a physician skilled in diseases of the eye or by an optometrist, whichever the individual may select;”.

(f) The amendments made by subsections (b) and (d) shall take effect October 1, 1950; and the amendment made by subsection (a) shall take effect July 1, 1951.

Effective dates.

COMPUTATION OF FEDERAL PORTION OF AID TO THE BLIND

SEC. 342. (a) Section 1003 (a) of the Social Security Act is amended to read as follows:

“SEC. 1003. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to the blind, for each quarter, beginning with the quarter commencing October 1, 1950, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount, which shall be used

49 Stat. 646.
42 U. S. C. § 1203 (a);
Sup. III, § 1203 (a).

exclusively as aid to the blind, equal to the sum of the following proportions of the total amounts expended during such quarter as aid to the blind under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds \$50—

“(A) three-fourths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of \$20 multiplied by the total number of such individuals who received aid to the blind for such month, plus

“(B) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A);

and (2) in the case of Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as aid to the blind, equal to one-half of the total of the sums expended during such quarter as aid to the blind under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds \$30; and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Administrator for the proper and efficient administration of the State plan, which amount shall be used for paying the costs of administering the State plan or for aid to the blind, or both, and for no other purpose.”

Effective date.

(b) The amendment made by subsection (a) shall take effect October 1, 1950.

DEFINITION OF AID TO THE BLIND

49 Stat. 647,
42 U. S. C. § 1206.

SEC. 343. (a) Section 1006 of the Social Security Act is amended to read as follows:

“DEFINITION

“SEC. 1006. For the purposes of this title, the term ‘aid to the blind’ means money payments to, or medical care in behalf of or any type of remedial care recognized under State law in behalf of, blind individuals who are needy, but does not include any such payments to or care in behalf of any individual who is an inmate of a public institution (except as a patient in a medical institution) or any individual (a) who is a patient in an institution for tuberculosis or mental diseases, or (b) who has been diagnosed as having tuberculosis or psychosis and is a patient in a medical institution as a result thereof.”

Effective date.

(b) The amendment made by subsection (a) shall take effect October 1, 1950, except that the exclusion of money payments to needy individuals described in clause (a) or (b) of section 1006 of the Social Security Act as so amended shall, in the case of any of such individuals who are not patients in a public institution, be effective July 1, 1952.

APPROVAL OF CERTAIN STATE PLANS

SEC. 344. (a) In the case of any State (as defined in the Social Security Act, but excluding Puerto Rico and the Virgin Islands) which did not have on January 1, 1949, a State plan for aid to the blind approved under title X of the Social Security Act, the Administrator shall approve a plan of such State for aid to the blind for the purposes of such title X, even though it does not meet the requirements of clause (8) of section 1002 (a) of the Social Security Act, if it meets all other requirements of such title X for an approved plan for aid to the blind; but payments under section 1003 of the Social Security Act shall be made, in the case of any such plan, only with respect to expenditures thereunder which would be included as expenditures for the purposes of such section under a plan approved under such title X without regard to the provisions of this section.

(b) The provisions of subsection (a) shall be effective only for the period beginning October 1, 1950, and ending June 30, 1955.

49 Stat. 620.
42 U. S. C. § 1305;
Sup. III, § 303 *et seq.*
Ante, p. 482 *et seq.*
49 Stat. 645.
42 U. S. C. § 1201
et seq.; Sup. III, § 1203.
Ante, p. 553; *supra*;
post, p. 558.
Ante, p. 553.

Ante, p. 553.

Effective date.

PART 5—AID TO THE PERMANENTLY AND TOTALLY DISABLED

SEC. 351. The Social Security Act is further amended by adding after title XIII thereof the following new title:

49 Stat. 620; 60 Stat. 982.
42 U. S. C. §§ 1305, 1331 *et seq.*; Sup. III, § 303 *et seq.*

“TITLE XIV—GRANTS TO STATES FOR AID TO THE PERMANENTLY AND TOTALLY DISABLED

“APPROPRIATION

“SEC. 1401. For the purpose of enabling each State to furnish financial assistance, as far as practicable under the conditions in such State, to needy individuals eighteen years of age or older who are permanently and totally disabled, there is hereby authorized to be appropriated for the fiscal year ending June 30, 1951, the sum of \$50,000,000, and there is hereby authorized to be appropriated for each fiscal year thereafter a sum sufficient to carry out the purposes of this title. The sums made available under this section shall be used for making payments to States which have submitted, and had approved by the Administrator, State plans for aid to the permanently and totally disabled.

“STATE PLANS FOR AID TO THE PERMANENTLY AND TOTALLY DISABLED

“SEC. 1402. (a) A State plan for aid to the permanently and totally disabled must (1) provide that it shall be in effect in all political subdivisions of the State, and, if administered by them, be mandatory upon them; (2) provide for financial participation by the State; (3) either provide for the establishment or designation of a single State agency to administer the plan, or provide for the establishment or designation of a single State agency to supervise the administration of the plan; (4) provide for granting an opportunity for a fair hearing before the State agency to any individual whose claim for aid to the permanently and totally disabled is denied or is not acted upon with reasonable promptness; (5) provide such methods of administration (including methods relating to the establishment and maintenance of personnel standards on a merit basis, except that the Administrator shall exercise no authority with respect to the selection, tenure of office, and compensation of any individual employed in accordance with such methods) as are found by the Administrator to be necessary for the proper and efficient operation of the plan; (6) provide that the State agency will make such reports, in such form and containing such information, as the Administrator may from time to time require, and comply with such provisions as the Administrator may from time to time find necessary to assure the correctness and verification of such reports; (7) provide that no aid will be furnished any individual under the plan with respect to any period with respect to which he is receiving old-age assistance under the State plan approved under section 2 of this Act, aid to dependent children under the State plan approved under section 402 of this Act, or aid to the blind under the State plan approved under section 1002 of this Act; (8) provide that the State agency shall, in determining need, take into consideration any other income and resources of an individual claiming aid to the permanently and totally disabled; (9) provide safeguards which restrict the use or disclosure of information concerning applicants and recipients to purposes directly connected with the administration of aid to the permanently and totally disabled; (10) provide that all individuals wishing to make application for aid to the permanently and totally disabled shall have opportunity to do so, and that aid to the permanently and totally

49 Stat. 620.
42 U. S. C. § 302.
Ante, p. 548; *post*,
p. 558.
Ante, p. 549.
Ante, p. 553.

disabled shall be furnished with reasonable promptness to all eligible individuals; and (11) effective July 1, 1953, provide, if the plan includes payments to individuals in private or public institutions, for the establishment or designation of a State authority or authorities which shall be responsible for establishing and maintaining standards for such institutions.

Approval of Administrator.

“(b) The Administrator shall approve any plan which fulfills the conditions specified in subsection (a), except that he shall not approve any plan which imposes, as a condition of eligibility for aid to the permanently and totally disabled under the plan—

“(1) Any residence requirement which excludes any resident of the State who has resided therein five years during the nine years immediately preceding the application for aid to the permanently and totally disabled and has resided therein continuously for one year immediately preceding the application;

“(2) Any citizenship requirement which excludes any citizen of the United States.

“PAYMENT TO STATES

“SEC. 1403. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to the permanently and totally disabled, for each quarter, beginning with the quarter commencing October 1, 1950, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as aid to the permanently and totally disabled, equal to the sum of the following proportions of the total amounts expended during such quarter as aid to the permanently and totally disabled under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds \$50—

“(A) three-fourths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of \$20 multiplied by the total number of such individuals who received aid to the permanently and totally disabled for such month, plus

“(B) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A); and (2) in the case of Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as aid to the permanently and totally disabled, equal to one-half of the total of the sums expended during such quarter as aid to the permanently and totally disabled under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds \$30; and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Administrator for the proper and efficient administration of the State plan, which amount shall be used for paying the costs of administering the State plan or for aid to the permanently and totally disabled, or both, and for no other purpose.

“(b) The method of computing and paying such amounts shall be as follows:

“(1) The Administrator shall, prior to the beginning of each quarter, estimate the amount to be paid to the State for such quarter under the provisions of subsection (a), such estimate to be based on (A) a report filed by the State containing its estimate of the total sum to be expended in such quarter in accordance with the provisions of such subsection, and stating the amount appropriated or made available by the State and its political subdivisions for such expenditures in such quarter, and if such

amount is less than the State's proportionate share of the total sum of such estimated expenditures, the source or sources from which the difference is expected to be derived, (B) records showing the number of permanently and totally disabled individuals in the State, and (C) such other investigation as the Administrator may find necessary.

"(2) The Administrator shall then certify to the Secretary of the Treasury the amount so estimated by the Administrator, (A) reduced or increased, as the case may be, by any sum by which he finds that his estimate for any prior quarter was greater or less than the amount which should have been paid to the State under subsection (a) for such quarter, and (B) reduced by a sum equivalent to the pro rata share to which the United States is equitably entitled, as determined by the Administrator, of the net amount recovered during a prior quarter by the State or any political subdivision thereof with respect to aid to the permanently and totally disabled furnished under the State plan; except that such increases or reductions shall not be made to the extent that such sums have been applied to make the amount certified for any prior quarter greater or less than the amount estimated by the Administrator for such prior quarter: *Provided*, That any part of the amount recovered from the estate of a deceased recipient which is not in excess of the amount expended by the State or any political subdivision thereof for the funeral expenses of the deceased shall not be considered as a basis for reduction under clause (B) of this paragraph.

"(3) The Secretary of the Treasury shall thereupon, through the Fiscal Service of the Treasury Department, and prior to audit or settlement by the General Accounting Office, pay to the State, at the time or times fixed by the Administrator, the amount so certified.

"OPERATION OF STATE PLANS

"SEC. 1404. In the case of any State plan for aid to the permanently and totally disabled which has been approved by the Administrator, if the Administrator after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of such plan, finds—

"(1) that the plan has been so changed as to impose any residence or citizenship requirement prohibited by section 1402 (b), or that in the administration of the plan any such prohibited requirement is imposed, with the knowledge of such State agency, in a substantial number of cases; or

Ante, p. 556.

"(2) that in the administration of the plan there is a failure to comply substantially with any provision required by section 1402 (a) to be included in the plan;

Ante, p. 556.

the Administrator shall notify such State agency that further payments will not be made to the State until he is satisfied that such prohibited requirement is no longer so imposed, and that there is no longer any such failure to comply. Until he is so satisfied he shall make no further certification to the Secretary of the Treasury with respect to such State.

"DEFINITION

"SEC. 1405. For the purposes of this title, the term 'aid to the permanently and totally disabled' means money payments to, or medical care in behalf of, or any type of remedial care recognized under State law in behalf of, needy individuals eighteen years of age or older who are permanently and totally disabled, but does not include any such payments to or care in behalf of any individual who is an inmate of a public institution (except as a patient in a medical

institution) or any individual (a) who is a patient in an institution for tuberculosis or mental diseases, or (b) who has been diagnosed as having tuberculosis or psychosis and is a patient in a medical institution as a result thereof."

PART 6—MISCELLANEOUS AMENDMENTS

49 Stat. 620.
42 U. S. C. § 301.

SEC. 361. (a) Section 1 of the Social Security Act is amended by striking out "Social Security Board established by Title VII (hereinafter referred to as the 'Board')"

49 Stat. 645.
42 U. S. C. § 1201.

and inserting in lieu thereof "Federal Security Administrator (hereinafter referred to as the 'Administrator')".

49 Stat. 620.
42 U. S. C. § 302 (a)
(5) *et seq.*; Sup. III,
§ 303 (b) *et seq.*

(b) Section 1001 of the Social Security Act is amended by striking out "Social Security Board" and inserting in lieu thereof "Administrator".

(c) The following provisions of the Social Security Act are each amended by striking out "Board" and inserting in lieu thereof "Administrator": Sections 2 (a) (5); 2 (a) (6); 2 (b); 3 (b); 4; 402 (a) (5); 402 (a) (6); 402 (b); 403 (b); 404; 702; 703; 1002 (a) (5); 1002 (a) (6); 1002 (b); 1003 (b); and 1004.

49 Stat. 620.
42 U. S. C. § 302 (b)
et seq.; Sup. III, § 303
(b) *et seq.*

(d) The following provisions of the Social Security Act are each amended by striking out (when they refer to the Social Security Board) "it" or "its" and inserting in lieu thereof "he", "him", or "his", as the context may require: Sections 2 (b); 3 (b); 4; 402 (b); 403 (b); 404; 702; 703; 1002 (b); 1003 (b); and 1004.

49 Stat. 629, 630, 632.
42 U. S. C. § 701 *et seq.*, §§ 703 (a), 713 (a).
Aide, pp. 551, 552.

(e) Title V of the Social Security Act is amended by striking out "Children's Bureau", "Chief of the Children's Bureau", "Secretary of Labor", and (in sections 503 (a) and 513 (a)) "Board" and inserting in lieu thereof "Administrator".

49 Stat. 635.
42 U. S. C. prec.
§ 901.

(f) The heading of title VII of the Social Security Act is amended to read "ADMINISTRATION".

49 Stat. 647.
42 U. S. C. § 1301
et seq.; Sup. III, § 1301.

(g) Title XI of the Social Security Act is amended by adding at the end thereof the following new section:

"LIMITATION ON PAYMENTS TO PUERTO RICO AND THE VIRGIN ISLANDS

49 Stat. 620, 627, 645;
ante, p. 555.
42 U. S. C. §§ 301-
306, 601-608, 1201-1206.
Aide, p. 548 *et seq.*

"SEC. 1108. The total amount certified by the Administrator under titles I, IV, X, and XIV, for payment to Puerto Rico with respect to any fiscal year shall not exceed \$4,250,000; and the total amount certified by the Administrator under such titles for payment to the Virgin Islands with respect to any fiscal year shall not exceed \$160,000."

TITLE IV—MISCELLANEOUS PROVISIONS

OFFICE OF COMMISSIONER FOR SOCIAL SECURITY

49 Stat. 635.
42 U. S. C. § 901
note.

SEC. 401. (a) Section 701 of the Social Security Act is amended to read:

"OFFICE OF COMMISSIONER FOR SOCIAL SECURITY

"SEC. 701. There shall be in the Federal Security Agency a Commissioner for Social Security, appointed by the Administrator, who shall perform such functions relating to social security as the Administrator shall assign to him."

Repeals.
53 Stat. 1402.
42 U. S. C. § 901a
note.

(b) Section 908 of the Social Security Act Amendments of 1939 is repealed.

REPORTS TO CONGRESS

49 Stat. 634.
42 U. S. C. § 731 (c).

SEC. 402. (a) Subsection (c) of section 541 of the Social Security Act is repealed.

49 Stat. 636.
42 U. S. C. § 904.

(b) Section 704 of such Act is amended to read:

"REPORTS

"SEC. 704. The Administrator shall make a full report to Congress, at the beginning of each regular session, of the administration of the functions with which he is charged under this Act. In addition to the number of copies of such report authorized by other law to be printed, there is hereby authorized to be printed not more than five thousand copies of such report for use by the Administrator for distribution to Members of Congress and to State and other public or private agencies or organizations participating in or concerned with the social security program."

AMENDMENTS TO TITLE XI OF THE SOCIAL SECURITY ACT

SEC. 403. (a) (1) Paragraph (1) of section 1101 (a) of the Social Security Act is amended to read as follows:

49 Stat. 647.
42 U. S. C. § 1301 (a);
Sup. III, § 1301 (a).

"(1) The term 'State' includes Alaska, Hawaii, and the District of Columbia, and when used in titles I, IV, V, X, and XIV includes Puerto Rico and the Virgin Islands."

49 Stat. 620, 627, 629,
645; *ante*, p. 555.
42 U. S. C. §§ 301-
306, 601-606, 701-731,
1201-1206.
Ante, p. 548 *et seq.*

(2) Paragraph (6) of section 1101 (a) of the Social Security Act is amended to read as follows:

"(6) The term 'Administrator', except when the context otherwise requires, means the Federal Security Administrator."

Effective dates.

(3) The amendment made by paragraph (1) of this subsection shall take effect October 1, 1950, and the amendment made by paragraph (2) of this subsection, insofar as it repeals the definition of "employee", shall be effective only with respect to services performed after 1950.

(b) Effective October 1, 1950, section 1101 (a) of the Social Security Act is amended by adding at the end thereof the following new paragraph:

"(7) The terms 'physician' and 'medical care' and 'hospitalization' include osteopathic practitioners or the services of osteopathic practitioners and hospitals within the scope of their practice as defined by State law."

(c) Section 1102 of the Social Security Act is amended by striking out "Social Security Board" and inserting in lieu thereof "Federal Security Administrator".

49 Stat. 647.
42 U. S. C. § 1302.

(d) Section 1106 of the Social Security Act is amended to read as follows:

53 Stat. 1398.
42 U. S. C. § 1306.

"DISCLOSURE OF INFORMATION IN POSSESSION OF AGENCY

"SEC. 1106. (a) No disclosure of any return or portion of a return (including information returns and other written statements) filed with the Commissioner of Internal Revenue under title VIII of the Social Security Act or under subchapter E of chapter 1 or subchapter A of chapter 9 of the Internal Revenue Code, or under regulations made under authority thereof, which has been transmitted to the Administrator by the Commissioner of Internal Revenue, or of any file, record, report, or other paper, or any information, obtained at any time by the Administrator or by any officer or employee of the Federal Security Agency in the course of discharging the duties of the Administrator under this Act, and no disclosure of any such file, record, report, or other paper, or information, obtained at any time by any person from the Administrator or from any officer or employee of the Federal Security Agency, shall be made except as the Administrator may by regulations prescribe. Any person who shall violate any provision of this section shall be deemed guilty of a misdemeanor and, upon conviction thereof, shall be punished by a fine not exceeding \$1,000, or by imprisonment not exceeding one year, or both.

49 Stat. 636.
42 U. S. C. §§ 1001-
1011.
Ante, p. 540; *post*,
p. 946.
53 Stat. 175.
26 U. S. C. §§ 1400-
1452.
Post, p. 524 *et seq.*

Compliance with requests.

“(b) Requests for information, disclosure of which is authorized by regulations prescribed pursuant to subsection (a) of this section, may be complied with if the agency, person, or organization making the request agrees to pay for the information requested in such amount, if any (not exceeding the cost of furnishing the information), as may be determined by the Administrator. Payments for information furnished pursuant to this section shall be made in advance or by way of reimbursement, as may be requested by the Administrator, and shall be deposited in the Treasury as a special deposit to be used to reimburse the appropriations (including authorizations to make expenditures from the Federal Old-Age and Survivors Insurance Trust Fund) for the unit or units of the Federal Security Agency which prepared or furnished the information.”

53 Stat. 1398.
42 U. S. C. § 1307
(a), (b).

(e) Section 1107 (a) of the Social Security Act is amended by striking out “the Federal Insurance Contributions Act, or the Federal Unemployment Tax Act,” and inserting in lieu thereof the following: “subchapter E of chapter 1 or subchapter A, C, or E of chapter 9 of the Internal Revenue Code.”

(f) Section 1107 (b) of the Social Security Act is amended by striking out “Board” and inserting in lieu thereof “Administrator”, and by striking out “wife, parent, or child”, wherever appearing therein, and inserting in lieu thereof “wife, husband, widow, widower, former wife divorced, child, or parent”.

ADVANCES TO STATE UNEMPLOYMENT FUNDS

61 Stat. 794.
42 U. S. C., Sup. III,
§ 1321 (a).

SEC. 404. (a) Section 1201 (a) of the Social Security Act is amended by striking out “January 1, 1950” and inserting in lieu thereof “January 1, 1952”.

58 Stat. 790.
42 U. S. C., Sup. III,
§ 1104 (h).

(b) (1) Clause (2) of the second sentence of section 904 (h) of the Social Security Act is amended to read: “(2) the excess of the taxes collected in each fiscal year beginning after June 30, 1946, and ending prior to July 1, 1951, under the Federal Unemployment Tax Act, over the unemployment administrative expenditures made in such year, and the excess of such taxes collected during the period beginning on July 1, 1951, and ending on December 31, 1951, over the unemployment administrative expenditures made during such period.”

(2) The third sentence of section 904 (h) of the Social Security Act is amended by striking out “April 1, 1950” and inserting in lieu thereof “April 1, 1952”.

Effective date.

(c) The amendments made by subsections (a) and (b) of this section shall be effective as of January 1, 1950.

PROVISIONS OF STATE UNEMPLOYMENT COMPENSATION LAWS

53 Stat. 186.
26 U. S. C. § 1603 (c).

Effective date of finding.

SEC. 405. (a) Section 1603 (c) of the Internal Revenue Code is amended (1) by striking out the phrase “changed its law” and inserting in lieu thereof “amended its law”, and (2) by adding before the period at the end thereof the following: “and such finding has become effective. Such finding shall become effective on the ninetieth day after the Governor of the State has been notified thereof unless the State has before such ninetieth day so amended its law that it will comply substantially with the Secretary of Labor’s interpretation of the provision of subsection (a), in which event such finding shall not become effective. No finding of a failure to comply substantially with the provision in State law specified in paragraph (5) of subsection (a) shall be based on an application or interpretation of State law with respect to which further administrative or judicial review is provided for under the laws of the State”.

49 Stat. 627.
42 U. S. C. § 503 (b).

(b) Section 303 (b) of the Social Security Act is amended by inserting before the period at the end thereof the following: “: *Provided*,

That there shall be no finding under clause (1) until the question of entitlement shall have been decided by the highest judicial authority given jurisdiction under such State law: *Provided further*, That any costs may be paid with respect to any claimant by a State and included as costs of administration of its law".

SUSPENDING APPLICATION OF CERTAIN PROVISIONS OF CRIMINAL CODE TO CERTAIN PERSONS

SEC. 406. Service or employment of any person to assist the Senate Committee on Finance, or its duly authorized subcommittee, in the investigation ordered by S. Res. 300, agreed to June 20, 1950, shall not be considered as service or employment bringing such person within the provisions of section 281, 283, or 284 of title 18 of the United States Code, or any other Federal law imposing restrictions, requirements, or penalties in relation to the employment of persons, the performance of services, or the payment or receipt of compensation in connection with any claim, proceeding, or matter involving the United States.

62 Stat. 697, 698.
18 U. S. C., Sup. III,
§§ 281, 283, 284.

REORGANIZATION PLAN NO. 26 OF 1950

SEC. 407. For the purposes of section 1 (a) of Reorganization Plan No. 26 of 1950, this Act shall be deemed to have been enacted prior to the effective date of such plan.

Post, p. 1280.

Approved August 28, 1950.

[CHAPTER 815]

AN ACT

To enable the Secretary of Agriculture to furnish, upon a reimbursable basis, certain inspection services involving overtime work.

August 28, 1950
[H. J. Res. 510]
[Public Law 735]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of Agriculture is authorized to pay employees of the United States Department of Agriculture performing inspection or quarantine services relating to imports into and exports from the United States, for all overtime, night, or holiday work performed by them at any place where such inspection and quarantine services are performed, at such rates as he may determine, and to accept from persons for whom such work is performed reimbursement for any sums paid out by him for such work.

Approved August 28, 1950.

[CHAPTER 816]

JOINT RESOLUTION

To exempt certain counsel employed by committee from certain Federal laws under Special Committee on Campaign Expenditures, 1950.

August 28, 1950
[H. J. Res. 510]
[Public Law 736]

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That service or employment of persons as attorneys on a temporary basis prior to January 3, 1951, to assist the Special Committee on Campaign Expenditures, 1950, of the House of Representatives, pursuant to H. Res. 635 agreed to June 20, 1950, shall not be considered as service or employment bringing such persons within the provisions of section 281, 283, or 284, of title 18 of the United States Code, or of any other Federal law imposing restrictions, requirements, or penalties in relation to the employment of persons, the performance of service, or the payment or receipt of compensation in connection with any claim, proceeding, or matter involving the United States.

62 Stat. 697, 698.
18 U. S. C., Sup. III,
§§ 281, 283, 284.

Approved August 28, 1950.